Daily Report

Latin America

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Ecuador, Peru Accept Guarantor-Proposed Cease-Fire

PY1402215795 Brasilia Voz do Brasil Network in Portuguese 2123 GMT 14 Feb 95

[Report by Antonio Carlos Silva from Planalto Palace in Brasilia]

[FBIS Translated Text] Peru and Ecuador have accepted the cease-fire proposed by Brazil, the United States of America, Argentina, and Chile. Peru and Ecuador are engaged in a border dispute over a piece of land that is rich in minerals.

Speaking at the meeting hall in Planalto Palace, President Fernando Henrique Cardoso announced the cessation of hostilities. Cardoso said that the cease-fire had been preceded by intensive work and painstaking negotiations. He said that Brazil is ready now to send observers to the conflict area tomorrow.

Cardoso also stated that President Alberto Fujimori and Ecuadoran President Sixto Duran-Ballen assured him that they intend to observe the cease-fire. Cardoso described this decision as very good, because the South American countries are concerned about the conflict. In his opinion, the only way of resolving difficulties is through negotiations.

Brazilian Foreign Minister Luiz Felipe Lampreia has said that the presence of observers from the four guarantor countries to guarantee the cease-fire is only the first step. He made it clear that the conflict is not over yet. Similarly, the mediator countries will continue to make efforts to seek a final agreement to the conflict.

Cease-Fire 'Possibly' To Be Signed 15 Feb

PY1402234595 Sao Paulo AGENCIA ESTADO in Portuguese 2237 GMT 14 Feb 95

[Report by Sonia Cristina Silva]

[FBIS Translated Text] Brasilia, 14 Feb (AE)—Brazilian Foreign Ministry Secretary General Sebastiao do Rego Barros has reported that the cease-fire agreement between Peru and Ecuador will possibly be signed on 15 February. He said that the signing of the cease-fire agreement is essential in order to send the mission of observers from the guarantor countries (Argentina, Brazil, Chile, and the United States) to the border zone. The objective of the mission of observers will be to help in the cease-fire, to separate the troops, and to establish an unoccupied zone at the border between the two countries, Rego Barros said.

"The guarantors will continue to help make the cease-fire permanent and to create an atmosphere of trust and cooperation between the two parties, so that they can solve their disagreements not on the battlefield but at the negotiations table," Rego Barros said. The mission of observers will be made up of military and diplomatic members, but most of them will be military, he added. "We are working on sending the mission to the area as soon as possible," he stated.

According to Rego Barros, the meetings among the guarantor countries of the Rio de Janeiro Protocol in Brasilia accomplished the declaration of the cease-fire. "The guarantor countries do not mind whether the cease-fire is implemented through a unilateral declaration or through two unilateral declarations. For the guarantor countries, the objective since the beginning has been a cease-fire, a condition that is necessary before the two parties can resolve their problem in a peaceful manner," said Rego Barros.

Rego Barros reported on a declaration made by the guarantor countries stating that they received "with deep satisfaction the news that as of 1200—Quito and Lima time—on 14 February the hostilities between Peru and Ecuador have ceased, according to official communiques released by the two governments." The declaration states that the guarantor countries began their efforts to seek a cease-fire on 25 January [as received].

"At the same time the guarantor countries deplore the loss of human lives, and urge the two parties to strictly respect the cease-fire so as to reestablish peace and create an atmosphere of good will between the two countries," the declaration states, adding that it is necessary to conclude an agreement to consolidate the cease-fire.

Guarantors Demand Guarantees for Observers

PY1502012195 Madrid EFE in Spanish 2349 GMT 14 Feb 95

[FBIS Translated Text] Brasilia, 14 Feb (EFE)—Today the guarantor countries of the Rio de Janeiro Protocol promised to continue their mediation in the search for a lasting cease-fire agreement, and warned that sending observers to the zone will depend on the guarantees they will receive once there.

Argentina, Brazil, Chile, and the United States, in their capacity as guarantor countries of the Rio de Janeiro Protocol, which established the borderline between the two countries on 29 January 1942, deplored the loss of life and urged the countries in conflict to strictly observe the cease-fire.

The guarantors, in a declaration issued in Brasilia today, voiced their "deep satisfaction over the news that as of 1200, Quito and Lima time (1700 GMT)' a cease-fire would allegedly be implemented, and that the two parties have separately promised to respect it.

The guarantors stated that "the restoration of peace and a climate of good faith" between the two countries "is an indispensable condition for the guarantors to be able to responsibly continue exercising their role in seeking a rapprochement between the two parties."

The declaration adds that "the guarantors reiterate their willingness to continue cooperating with the parties so that they may reach, with the urgency required by the case, an agreement consolidating a cease-fire."

The declaration states that they "believe that a cease-fire and the signing of an agreement in this regard are essential

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for sending a mission of observers, as requested by the two parties, and for ensuring the necessary conditions for the development of their duties."

The guarantors also recalled "the principles of peaceful coexistence contained in the UN Charter and the OAS Organizational Charter."

They also reiterated that "the Rio de Janeiro Protocol provides the only legitimate negotiating mechanisms within which the parties may resolve their differences, and in this context we once again condemn the use of force."

Argentina, Paraguay, Bolivia Create Trinational Commission

PY1002230995 Asuncion ABC COLOR in Spanish 10 Feb 95 p 12

[FBIS Translated Text] The Bolivian, Paraguayan, and Argentine foreign ministers, Antonio Aranibar Quiroga, Luis M. Ramirez Boettner, and Guido Di Tella respectively, yesterday signed in La Paz, Bolivia, an agreement formally creating the Trinational Commission for the Development of the Pilcomayo River Basin. The commission will be responsible for the hydrological and environmental future of the upper, middle, and lower Pilcomayo River.

The brand new commission will promote technical studies and proposals that the governments must approve to transform this region into a focus of development, in accordance with the wishes expressed by Presidents Carlos Menem, Juan Carlos Wasmosy, and Gonzalo Sanchez de Lozada during their 26 April 1994 meeting in Formosa, Argentina.

Argentina, Paraguay, and Bolivia created the Trinational Commission "considering the need to establish a permanent juridical mechanism responsible for the integral administration of the Pilcomayo River basin. The Commission will promote the sustainable development of the river's area of influence, the full exploitation of its natural resources, the creation of jobs, as well as investments and the rational and equitable use of hydrological resources," stated the agreement signed yesterday by the foreign ministers of the three countries that share the Pilcomayo River.

The document says the decision was adopted taking into account the River Plate Treaty, which provides for "the rational and multiple use of river waters."

The Bolivian foreign minister said that we therefore "fulfilled what was expressed in a joint declaration signed by the presidents of Bolivia, Argentina, and Paraguay on 26 April 1994 in Formosa, Argentina."

The Trinational Commission will be comprised of a Council of Delegates, as the higher organ, and an Executive Board that will be subordinated to the council.

The Council of Delegates will be the Commission's highest authority, and will be made up of delegates from each country. The first delegate will be a Foreign Ministry representative and will have the rank of ambassador. The second delegate will be the national director of each country's Pilcomayo Commission.

According to the regulations approved by the foreign ministers, the Trinational Commission will be responsible for the study and implementation of joint Pilcomayo River projects seeking to develop the zone.

Some of its functions will be to continue the necessary studies and work to obtain multiple, rational, and harmonious use of river resources in order to control floods, sediments, and water flows.

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Cuba

Rafters Arrive in Madrid, Complain of U.S. Treatment

FL1402194395 Havana Radio Rebelde Network in Spanish 1800 GMT 14 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] AFP [Agence France-Presse] news agency reported that 38 Cuban rafters arrived early morning on 14 February in Madrid from Panama Naval Base [as heard], and that most of them complained about the living conditions in the Guantanamo and Panama naval bases [as heard].

Olga Maria Saenz, the only woman in the group, stated that the six months she lived in the U.S. bases were worse than the four days she spent on the raft. Another Cuban rafter complained about the psychological pressure from the U.S. army, which he described as smooth, but very profound.

These 38 rafters who arrived in Madrid were selected by the Spanish government because they have relatives or friends in Spain.

'Straight Talk' Discusses Rafters

FL1402214895 Havana Radio Rebelde Network in Spanish 1700 GMT 13 Feb 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guests Renato Recio and Eloy Concepcion—live or recorded]

[FBIS Translated Text] [Roque] Good afternoon. On "Straight Talk," we are responding today to Freddy Rodriguez Mesa's letter to journalists Eloy Concepcion and Renato Recio from the newspaper TRABAJADORES. I quote from his letter: I am writing this brief note to express to you that for the first time, I disagree with something of great importance—a word that both of you used to describe the Cuban rafters who are being held in the concentration camps on the Guantanamo and Panama bases. You used the word compatriots in referring to those no-good Cubans who are now learning a good lesson about what the people of the United States are really like, or to be more precise, what the Yankee politicians are really like. To me, and I am sure you would agree, the word compatriot conveys a profound sense of patriotism, loyalty, and the spirit of struggle shown by those who fought for our independence in the last century. On 19 December, 1994, watching an Elpidio Valdez [personification of Mambi fighting spirit] cartoon, I heard this children's symbol use the phrase after victory in combat. This is a method highly utilized in this type of cartoon, which is characterized by the educational and patriotic values directed at our children and youth. I do not believe that the rafters are exactly political traitors, but they are moral traitors for abandoning their people during their most difficult, dangerous hour. Keeping in mind that the majority of rafters are young. I know that these points of view are very controversial in the bosom of Cuban society today.

Freddy then gives his address so we can reply, however, I think there is no better way to respond to his concern than to discuss it on "Straight Talk."

[Recio] I appreciate Freddy's letter, as I am sure Eloy does, because we enjoy discussing any points with which our listeners disagree. We invite critical review of our views and program. This is not the only case of disagreement with the word we used to describe the rafters a few weeks ago. I think it is wise to remember that we are angry when we do this program, angry because the Marines and Rangers, the U.S. institutions in both Guantanamo and Panama, are continually mistreating the Cuban rafters. I, therefore, believe that everyone would agree that, at the very least, they are Cubans. First and foremost, those people in the camps are Cubans. They were born in our country, they are part of our culture and identity. Now then, the more controversial issue Freddy addressed in his letter: I remember that during that program, we said that they could not be considered patriots. We rejected the possibility of calling someone a patriot who abandons his country in its most difficult time, however, I myself preferred the word compatriot; in the sense that those born in the same country are compatriots without attaching a positive moral significance to the word.

[Roque] The word was used with another connotation. Within the spirit of the program, the word had another connotation.

[Recio] Exactly. I think this criticism is proper because regardless of how a word is defined, words have a life of their own, and the use of the word determines its connotation. As he well noted, the word compatriot has a positive connotation in our country.

[Concepcion] Precisely, there are political connotations and moral connotations, and furthermore, I would say there are social implications. That is to say that the rafter problem is a broad problem, in my opinion, and the boundaries of a political issue must be considered within the framework of economics. This problem cannot be approached in a simplistic way; one cannot say in black-and-white terms that they are, or are not, patriots. I believe that the first issue, as Renato astutely clarified, is that they are Cubans, and that our Revolution, our country, our nation must avoid a simplistic, callow analysis that lumps all those who leave Cuba into one category. I believe it must be viewed within the framework of Jose Marti's principle, which states that all who are born in this land are Cubans. This is the way we used the word compatriot, and I think we can continue to use it without making a big deal of it or attaching the political connotation that those who leave for the United States are the real patriots.

[Roque] We are responding to listener Freddy Rodriguez Mesa's letter. Let us pause for a moment, then continue the discussion.

[Recio] Yes, we received this letter, but in speaking with listeners, I hear other opinions. For example, some listeners reproach us for having said that we members of Cuban society should in some way feel responsible for the actions

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of this large group of young people, and Cubans in general, who assume this half-baked [sietemecina] mentality, to again quote Marti, who said that he who has no faith in his country is a man with a half-baked mind. Regarding this, I would like to say that we must keep in mind our national institutions, the education system, the mass information dissemination media, the men and women who patriotically influence and educate new generations. If we do not recognize that something is lacking in our efforts, our education system, then we are ignoring the issue. I think we must always think about responsibility, consider responsibility in everything that happens, although one does not need to suffer unnecessarily because one could go astray without cause. We should feel, as I clarified that Cintio Vitier has said, our Marti ideology education program has been poor. He was saying that if Marti's ideology had been properly taught, if Marti's philosophy had truly been a part of the education of those youth who left, far fewer of them would probably have left. This we view as our responsibility. We cannot pretend to be ignorant of this. I believe this is the complete truth.

[Roque] Absolutely. I think this is an important issue and I remember you both explained it very well in the other program, however, there are other important elements that we should not leave pending.

[Concepcion] Yes, Juan Carlos, the trick here is not to begin to pity those Cubans. I said from the beginning that analysis of this cannot be simplistic. One must view it in the context of the current reality, what is going on with these Cubans right now. First: They have been encouraged by the policies of every U.S. administration to go, and were received as heroes there. When President Clinton changed this policy, the policy was no longer directed by the Miami mafia that controls the foundation [Cuban American National Foundation], or the political and social life of most of the Cubans there. These Cubans decided to risk their lives leaving here, many for excitement, but most, I would say, because of an economic problem, the difficult economic situation in Cuba today. Those Cubans were sent to the Guantanamo Naval Base, a base on our own territory, which the United States holds by force, and put into concentration camps there. They were then transferred to Panama, and now they are again being sent back to Guantanamo. I believe that without pitying them, we, as true patriots who live in and defend our nation—and we defend our independence above all, which in the last analysis is at risk—must think it through and understand that most of these Cubans, the majority of the rafters who left, in my opinion, did not do so for political reasons.

[Roque] Eloy broached the issue of the kind of treatment the rafters are subjected to in the transfer from Panama to Guantanamo. It is certainly a bit forceful, and on occasion, some Cubans have been abused.

[Recio] There is a good lesson to be learned here, as Freddy notes in his letter, a lesson for the very people who have abandoned their country, and for all who care to see it. The United States is spending vast amounts of money; everyday they spend millions of pesos on the care of those people they have living under concentration camp conditions, and on transporting the Cubans from the Panama Naval Base to Guantanamo—they must force them because they don't want to go to Guantanamo; they are leaving one concentration camp for a worse one. They are using elite forces, Rangers, personnel from the air transport division, 5,000 highly trained military troops, incurring enormous cost. Therefore—and I continue insisting that in spite of everything, these are Cubans—one could ask—and I recently read this in a newspaper—why so many Marines are needed to control these people who are Cubans but not patriots. I think this is a lesson for the United States also because the day they try to take control of our country and our true patriots, they will see they don't have enough millions or Marines to control us.

[Concepcion] Juan Carlos, I must say something. It really hurts when I read the signs the Cubans carry with bound hands, their feet bound to their waists, abused in flagrant violation of human rights, by the heroes of human rights. They were really duped, call it what you will, but I do not believe any Cuban can condone the fact that their own countrymen, for whatever reason, are being mistreated by the power that for over three decades has mistreated us. This is a lesson, a very distasteful lesson. We cannot support the idea that they have to mistreat them, and support the mistreatment. I believe that as Cubans, we must defend the fact that this is a crime and runs contrary to human rights.

[Roque] This is "Straight Talk" for today. Good afternoon.

Danielle Mitterrand Presents $2.5 Million Donation

FL1402011495 Havana Radio Rebelde Network in Spanish 1800 GMT 13 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] A donation calculated to be worth $2.5 million was given to the Frank Pais Orthopedic Hospital by Danielle Mitterrand, French President Mitterrand's wife, who arrived last night in Havana City on a private visit. Danielle Mitterrand's stay will conclude on 17 February. France's first lady presides over the Danielle Mitterrand French Liberty Foundation, an organization that provides this type of aid to several countries. The hospital will redistribute the French donation, which consists of arm and leg prostheses, among 14 workshops throughout Cuba. On 14 February, Mrs. Mitterrand will visit an orthopedic prosthesis workshop, as well as other social and economic centers in Pinar del Rio Province.

Cuban-French relations are at their highest level, as evidenced by the January meeting between Cuban Vice President Carlos Lage and French President Mitterrand.

Dominican Republic Said To Protest Nuclear Waste Shipment

FL1102021295 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Feb 95

[From the "Exclusive" program]

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[FBIS Translated Text] The Dominican Republic's Government has protested plans to transport a boatload of nuclear waste through its territorial waters to Japan. The government has threatened to appeal to the International Atomic Energy Agency. Joaquin Balaguer's government lodged its protest just as representatives from companies that sell the uranium and plutonium waste products, as well as the company that owns the boat that will carry them to Japan, were visiting Santo Domingo. Fernando Bajoran and Marcelo Ortelo, representing Greenpeace, this week denounced plans to transport nuclear waste through Caribbean waters.

Castro Meets Head of UN Food, Agriculture Organization

PA1502044395 Havana PRENSA LATINA in Spanish 0747 GMT 14 Feb 95

[By Gabriel Mejias Coll]

[FBIS Translated Text] Havana, 14 Feb (PL)—Cuban President Fidel Castro met in Havana with Jacques Diouf, general director of the UN Food and Agriculture Organization (FAO), with whom he discussed a variety of issues.

In statements to PRENSA LATINA, Adolfo Diaz, Council of Ministers vice president, said that during the 90-minute meeting with the Cuban president, the FAO general director spotlighted the good relations this worldwide organization maintains with Cuba and its government.

Diaz, who attended the meeting, also said Fidel Castro and his Senegalese visitor discussed the difficult international situation.

The meeting with Fidel Castro marked the end of Diouf's two-day visit in Cuba, the first leg of a tour that includes Brazil, Argentina, and Venezuela. He travels to Venezuela today.

During his stay on the island, Diouf met with Food Industry Minister Alejandro Roca, Agriculture Minister Alfredo Jordan, Foreign Minister Roberto Robaina, and Fishing Industry Minister Orlando Rodriguez Romay.

Moments before his departure to Venezuela, Diouf told PRENSA LATINA the FAO will strengthen cooperation with Cuba in those areas where help is most needed and said the island's government has allowed his organization to execute its programs in Cuba free of any obstacles whatsoever.

"We are considering the possibility of strengthening cooperation between the FAO and Cuba. This visit has allowed me to get a close look at how our projects are unfolding, to understand the country's needs, and to establish which areas are most in need of support," he said.

This is Diouf's first trip to Latin America since his appointment as general director in 1993, and he said: "I have obtained details from every area, which will contribute to the expansion of projects that are already under way as well as certain new ones, depending on each sector's needs and my organization's capabilities."

"If there are problems in Cuba with the technology of the fishing industry, for example, the FAO has many other projects in other countries [sentence as received]

The implementation of the FAO's plans for Cuba will cost an estimated $1.635 million this year according to information from FAO headquarters in Cuba.

The FAO, along with the UN Development Program (UNDP), is executing a $750,000-project in Cuba whereby farm and gastronomic waste is converted into a protein paste which, mixed with honey, will be used to feed pigs.

Also under way are another eight technical cooperation projects for the cultivation of fish, the development of technologies for soy production, the control of aquatic vegetation at commercially exploited dams, and a project for environmental protection.

Discusses World Food Situation

FL1402194495 Havana Radio Rebelde Network in Spanish 1800 GMT 14 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Cuban President Fidel Castro met Jacques Diouf, UN Food and Agriculture Organization [FAO] director general, who ends today his first two-day visit to Cuba. [Havana Radio Progreso Network in Spanish at 1200 GMT on 14 February reported the meeting to have taken place on 13 February] The Havana meeting, in which they primarily discussed the food situation in third world countries, was said to be positive due to the interest in FAO projects in Cuba and other countries.

Diouf met the Cuban ministers of food industry, agriculture, foreign relations, and fishing industry during his visit, as well as UN representatives in Cuba.

Before departing to Venezuela, Diouf told the press that FAO will strengthen its cooperation with Cuba in sectors where support might be needed, and pointed out that the Cuban Government had put no obstacles in the way of implementation of FAO programs.

Approximately $1,635 million will be invested in FAO plans in Cuba during 1995. In addition to the UN development program, a $750,000 program to use agricultural and restaurant waste in producing pork feed is underway.

Additionally, Commander in Chief Fidel Castro, visited agriculture locations in San Antonio de los Banos Municipality, in Havana Province, particularly the (Antero Regalado) Agricultural-Livestock Cooperative [CPA]. Workers were honored by his visit, and stated that it encourages them to produce more.

Castro showed interest in the sheltered tomato crop and the value of this investment, which uses Israeli technology, and estimates a production of 100 tonnes of tomatoes per half hectar a year.

(Antero Regalado) CPA harvested 100 quintales of vegetables and tubers in 16 caballerias during 1994 for reserves

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and tourist consumption and produced 20,000 quintales of tubers and vegetables for the consumption of workers.

Radio 'Excerpts' of Castro's EL SOL Remarks

FL1102032795 Havana Radio Reloj Network in Spanish 8, 9 Feb 95

["Excerpts" of remarks by President Fidel Castro from an interview originally published in EL SOL DE MEXICO and reprinted in GRANMA on 8 February; broadcast in five; broadcast in five installments]

[8 Feb 1705 GMT]

[FBIS Translated Text] We saw it as a major challenge in which we first and foremost had to save the fatherland. If the Revolution were to be destroyed, the fatherland would be lost. The revolution and the gain of socialism was our primary concern when all those events took place, and abruptly at that.

We had already been making political changes to improve our electoral system. It took a long time to explain the procedure used to elect the people's representatives. It is a new and revolutionary method, and we wanted to improve it.

Originally, from 12,000 to 13,000 district delegates were elected nationwide. This is an approximate figure, since when I cite figures there may be variations. The district delegates made up the municipal assemblies and later elected the representatives to the National Assembly.

This was implemented almost two years ago in the latest elections. Each of our deputies has to win one-half plus one of the valid votes cast in the elections.

That was one of the first breakthroughs.

That is, our party does not nominate candidates. Our party seeks to comply with the electoral process.

We had neither the technology nor the capital to achieve this. We had already thought about mixed enterprises, only that this process acquired more urgency following the socialist camp crisis and the dissolution of the Soviet Union.

[8 Feb 1732 GMT]

We did that more than a year ago. We created the basic agricultural production units and transferred over 2.5 million hectares of land to them.

Going without imports would be impossible. We are not going to destroy the sugarcane. Sugarcane is a source of income needed to buy raw materials and above all to buy fuel.

We currently export 3.5 million. Obviously, we are committed to this, and we are searching for the means to recover our sugar production. We are now involved in this task of restoring production of between 6 and 7 million. The country is now making a big effort toward this goal.

We had to suspend many of the programs to intensify production and increase productivity in the agricultural sector when our imports dropped 70 percent.

That is one of the enterprises we have discussed with Mexico, but the idea has not been totally settled. We are also involved in discussions with other countries.

We have discussed the most varied possibilities. We have reached agreements.

Not all cement factories have become mixed enterprises, only the most modern ones, particularly for export purposes, factories that did not operate due to lack of fuel and other resources.

We have a special situation with Mexico, meaning we have been honoring Mexican debts. We have made some financial arrangements, but we are complying with the Mexican debt payments.

In other words, these economic partnerships have generally taken into consideration Cuba's debt with Mexico, and it has been a reasonable part of the debt negotiations. This way it is beneficial for all parties involved.

We have sought a conciliation of interests bearing in mind those factors. We have a special relationship with Mexico because we have only established that type of relationship, in that manner, with Mexico. We have not done it with other countries.

This is a result of our closeness with Mexico and due to the excellent historical relations which have prevailed between Mexico and Cuba.

[8 Feb 2032 GMT]

The telephone project is an important lucrative business which also allows us to achieve development. It is not simply a matter of conducting business for the sake of conducting business. We had no capital or technology. We had the market for telephones given the increasing tourism.

Therefore, we had the market, but the partnership with Mexico allows the possibility of achieving development which requires investments and much more modern technology.

That would permit us to improve domestic communications. It would help expand, modernize, improve technology, and reduce costs, in general, of communications. But significant investment would have to be made.

One of the most important operations we have carried out is with telephones. We have had long and involved discussions because these operations are voluminous and really require time for discussion and arrival at an agreement.

We also had to reach agreement with U.S. companies. Because of the famous Torricelli law, which fosters anything that according to the U.S. Government encourages subversion or the political weakening of Cuba—communications between the Cuban community residing in the exterior and the Cuban people was deemed favorable.

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We have decided to accept the challenge and have reached agreements with a number of U.S. companies on communications between U.S. residents and Cubans.

But I hope that the operations continue which are beneficial for all parties.

[8 Feb 2134 GMT]

We have formed an association with a company that has more experience than we, that has a market, and that guarantees fuel for the factory's operations.

As in the case of the hotels, in these cases we prefer a foreign administrator because of his broader experience. In general, in these cases—even though we are equal partners—we concede the administration to foreigners because they have more experience.

I can tell you that all these mixed enterprises are functioning perfectly well. I can point to hotels in which the businessmen and investors have recovered their capital investment in three and a half years because they have found a market and are efficient.

These mixed enterprise companies are operating perfectly well. There are no problems. There is great cooperation between Cuba and the companies, and the workers cooperate because they too receive benefits.

Our workers are learning a lot in those tourist centers. Investors are surprised, because don't forget about one of our people's greatest advantages—that the majority our workers have a 12th grade education and instruction. One of the things foreign investors appreciate very much in Cuba is our workers' level of education.

Let me tell you that investors in Europe do not usually realize the kind of profit they earn by investing in tourism here. It is convenient for us: We bring in more tourists, earn more profits.

This is why this system we are implementing has yielded very encouraging results, and there is more interest in investing in Cuba.

[9 Feb 2046 GMT]

I believe it is very important to try to find solutions to the social issues. I was saying that now even the World Bank and the IMF are aware that social problems in any country can seriously deteriorate quite easily.

There are still no guarantees about the future of the countries in Latin America. Nothing is yet clear. This is the region of the world where there is the greatest disparity between the incomes of the richest and the poorest. We have more disparity in Latin America than in Africa, more than in Asia, and more than in any other place.

International economic institutions have become aware that social problems and the deterioration of the social situation are closely linked to neoliberal policies that mercilessly sacrifice and disregard the needs and vital interests of the people.

Latin American countries are far from reaching stability. The fundamental threat to social peace in Latin America is precisely neglect and inattention to the problems of the people.

Latin America now has two and a half times as many people as it did when the Cuban revolution triumphed. The region also has more problems, more unemployment, more poverty, more people living way under the critical poverty level, therefore, this is all a reality. Institutions like those that have never been known for looking out for the needs of the poor are now recommending that attention be paid to these issues because they have become aware that there could be instability.

No one knows what will happen in the world either. I believe great blocs will be created and they will compete for markets. The United States will try to form a large bloc with the countries in its backyard. The Asians will try to unite, and the Europeans are already uniting. I believe they will compete among themselves.

I prefer integration among the Latin Americans, among us, as an initial step instead of the integration of the Latin American economy into the economy of the United States because the United States is a very strong country and will reap all of the advantages and benefits.

Take, for example, airlines: No one knows in whose hands they will end up, however, I believe they will end up in the hands of the United States, along with telecommunications, insurance companies, financial institutions, banks, and many other sectors.

I do not believe the political problems of a country have to be resolved with foreign troops and interventions.

I think the sovereignty principle is sacred and in this world. We cannot give ourselves the luxury of renouncing the principle of sovereignty.

The case of Somalia, where the North Americans learned a lesson from a very poor country enduring difficult problems.

They sent there a military force and they had problems. If they were to take that road, they someday would have to invade all of Africa where hunger and deserts are growing.

Robaina Arrives in Havana Following Asian Tour

PA1302164595 Havana PRENSA LATINA in Spanish 1739 GMT 12 Feb 95

[FBIS Translated Text] Havana, 12 Feb (PL)—Foreign Minister Roberto Robaina is arriving today in Havana following a tour of six Asian countries, the Foreign Ministry announced today. Robaina, who visited Japan, the DPRK, Thailand, China, and the Philippines, spoke in each of those nations in favor of promoting commercial ties and cooperation with Cuba.

During meetings with Asian governments, legislatures, and solidarity with Cuba groups, the foreign minister also talked about the transformations taking place in his country's economy.

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During his stay in Thailand, Robaina said he was satisfied with the results of the tour that began on 25 January, in which—he noted—he perceived understanding and a willingness to develop bilateral cooperation. This is the second time the foreign minister has visited Asia. His first visit to the region was last year.

Robaina Inaugurates UPEC International Affairs Department

FL1502012795 Havana Radio Reloj Network in Spanish 2037 GMT 14 Feb 95

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina chaired the ceremony inaugurating the International Affairs Department of the Union of Cuban Journalists [UPEC]. The department is composed of more than 300 journalists and will be presided over by Elson Concepcion and reporter Juan Emilio Frivuls, who work for Radio Reloj and are members of the directive council.

In his speech, Robaina highlighted the media's importance in the Ministry of Foreign Relations' [Minrex's] activities abroad. Robaina added that Minrex's doors will always be open to all reporters who, in one way or another, take care of international issues and Cuba's image.

Central Army Officers Begin Tour of Western Army

FL1002144395 Havana Radio Rebelde Network in Spanish 1800 GMT 9 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] A delegation of officers of the Central Army began a tour through the Western Army with the purpose of exchanging experience on the fulfillment of the six strategic tasks given by the Ministry of the Revolutionary Armed Forces [Minfar]. On the importance of these meetings, correspondent Maria de las Nieves Gala interviewed Brigadier General Rene Garcia Herrera, second in command of the Central Army.

[Begin Garcia recording] These visits are being done by recommendation of the minister of the Revolutionary Armed Forces. Their purpose is to visit the main units of the three territories with the purpose of taking advantage of those experiences which have proven to be useful and generalizing them and applying them in units of our Army. The purpose is also to take advantage of those things and bring them to the provinces and our 53 municipalities. [end recording]

[Nieves] The delegation of officers of the Central Army was received at the general staff headquarters of the Western Army, where Brigadier General Samuel Rodiles Planas, second in command of the Western Army, informed the visitors about the work carried out by this army in the main tasks during 1994 and their goals for 1995. This visit, which will extend until 12 February, includes visits to large tank units, defensive projects, and tours through areas of scientific and economic interest of the provinces within the Western Army.

State Facilities' Lack of 'Vigilance' Supplies Black Market

FL1302175095 Havana Radio Progreso Network in Spanish 1200 GMT 13 Feb 95

[Report by Alejandro Marcel Mayo; from the "First Thing" program]

[FBIS Translated Text] State enterprises have become the number one supplier of the black market, not only because they control the majority of resources, but rather, mostly due to the negligence and lack of responsibility of those administrations responsible for the supervision and control of goods. This lack of administrative control allows unscrupulous elements to get hold of raw materials, merchandise, and food products to supply the underground economy. In this way the profiteers and speculators enjoy illegal economic benefits. Lieutenant Alfredo Pereda from the economic crimes division of Havana's provincial police department describes the theft and intended sale of over 25 five-gallon cans of oil, and 15 containers, by two employees of the comestible oil factory in Cerro Municipality.

[Begin Pereda recording] According to information received by the fourth unit, apparently, two employees of the comestible oil factory located in Cerro Municipality of Havana were involved in selling cooking oil to the population. In a search of the home of the accused, 15 containers of oil and over 9,000 pesos in cash were found. Over the course of the investigation, it was discovered that the accused, Alberto Ramon Betancourt, was taking advantage of his job at the factory by taking five-gallon cans of oil, which he was selling to certain unscrupulous elements at 500 pesos a can. [end recording]

In some robberies and thefts committed in state enterprises, police investigators have shown that security measures needed to protect products and merchandise were not observed, which gave rise to theft by individuals predisposed to crime.

[Begin Pereda recording] This operation was carried out on several different occasions and resulted in substantial earnings for him. As a result of this activity, he acquired a scooter, a VCR, stereo components, one recorder, and two fans, as well as other objects and articles. All that he bought with the money he acquired illegally. It was also established that his wife, (Olede Mendoza Alvarez), who worked in the laboratory of the said factory, also took containers of oil. Such criminal acts were perpetrated due to lack of control and vigilance at the production facility. [end recording]

As soon as the instruction process is complete, the two outlaws will appear in court, accused of the crime of habitual theft, which carries a sentence of between two and eight years in prison.

'Decisive' Camaguey Province Sugar Harvest at 62 Percent

FL1402004495 Havana Radio Rebelde Network in Spanish 1800 GMT 13 Feb 95

[From the "National Radio News"]

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[FBIS Translated Text] Camaguey Province has decisive importance in Cuba's sugarcane harvest efforts. For the past 10 days in February, the sugarcane harvest in Camaguey was characterized by low levels of grinding and industrial productivity. The grinding level of the province's nine active complexes was at 62 percent during the past 12 days. An analysis of the province's sugarcane harvest's industrial productivity proves that the problem here is in the grinding stage.

During the last 12 days, only the Argentina, Alvarez Mola, and Panama Complexes ground over the 60-percent level, which is a very low level of productivity. As a result of this low grinding level, Camaguey has not produced sugar, having nothing to do with the lack of resources or the special period. It has to do with efficiency and unground cane. February, especially with the climate we are experiencing these days, is decisive in improving industrial production of sugar. Camaguey's problem with the sugarcane harvest is that they must grind more and maintain that level, even though they are not presently capable of achieving this goal.

Camaguey has a sugar production plan this year that is essential to Cuba's planned sugar-production income. The next 58 days are crucial. Increased grinding efforts and stable levels of agricultural productivity—over 10 [as heard]—are the only ways that Camaguey sugarcane harvest efforts can respond to the commitment made to the economy.

Maria de los Angeles Garcia Closes Education-95

FL1102153095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] The Education-95 Conference ended on 10 February in Havana with excellent results from the work meetings and enthusiasm for the next conference. Maria de los Angeles Garcia, a member of the Politburo, gave the closing address, thanking the over 4,000 participants for their visit and solidarity with the Cuban people.

[Begin Garcia recording] Dear brothers and sisters: Fellowship, exchange, and solidarity are terms that could describe what has been happening everywhere these days. There has been surprise, curiosity, and bursting emotion, but there has been no indifference. You have made comments and suggestions with an endearing affection. It is significant that several of you have remarked that our schools and education centers reflect compromise, effort, and patriotism, as well as peace, lack of violence, and security. All these accomplishments are the result of a worthy work of love, inspired by Marti's ideals, also prevalent in the debates of the last few days. [end recording]

Minutes earlier, Argentine teacher (Bertha Rosen Balse), president of the association of Latin American and Caribbean teachers, presented the conference's final declaration, in which teachers expressed their commitment to the challenges of Latin American countries. She also highlighted the conditions that preserve the Cuban educational system despite economic difficulties, and made a call for solidarity with Cuba and the end of the U.S. blockade.

Cuban provinces signed sisterhood accords during the morning session with a parallel number of countries, formalizing the mutual cooperation links between Cuban teachers and their colleagues on the continent. Havana and Venezuela, Pinar del Rio and Argentina, and Santiago de Cuba and Mexico were joined in sisterhood, among others, which because of their will to cooperate, should benefit both sides.

Raul Castro Visits Diverse Sancti Spiritus Sites

FL1002140095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 9 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] As part of a work visit to the central region, Raul Castro, second secretary of the Communist Party of Cuba [PCC], made a brief but productive stop in Sancti Spiritus City. During a conversation with Pedro Sainz, first secretary of the PCC in the province, Raul asked about the status of the sugarcane harvest, food production, construction of low cost homes, urban sanitation efforts, and the morale of the population, among other things. The first site visited was ApiFAR, a novel endeavor specializing in the production of honey and its by-products. ApiFAR produces three main lines, ranging from pharmaceutical products to some cosmetics which are generally sold in foreign currency. This highly valuable institution is in great part the result of the intelligence of its director, Dr. Ana Ramona, who struggled for five years to overcome bureaucratic red tape and officials who did not understand the importance of this effort for the national economy.

Next, Raul visited the Camilo Cienfuegos Provincial Hospital which only four months ago was the focus of numerous complaints by the population regarding the lack of cleanliness, poor service, the decay of the facilities, poor management, and even 32 percent absenteeism. Raul verified the significant changes by talking with patients and hospital workers.

[Begin recording] [Castro] How is the hospital working? Are you being treated well?

[First speaker] Like never before.

[Castro] How was it a few months back?

[First speaker] It was....[pauses] Now is when it is gem.

[Castro] Really? How do you know this if you did not live in Sancti Spiritus then?

[First speaker] I heard about it.

[Castro] The tales reached you up there, eh? You are right—they reached me in Havana.

[First speaker] And that is even further away.

[Castro] But, has the situation changed?

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[First speaker] Yes, yes.

[Castro] The complaints made it all the way up to Havana. That is shameful. I just grabbed a nurse and told her: Get more coworkers to come back, we need 20 more nurses. They have to return to work even if there is a lack of medicine. People deserve, particularly if sick, the best care. You are females and some have children...

[Second speaker, interrupting] That is the problem, we have surpassed [words indistinct] due to that same problem.

[Castro] Patients must be treated as if they were your own children—particularly if they are children, or the elderly. [end recording]

Later on, Castro talked with two medical students participating in a novel project of providing integral care in two hospital halls solely by means of moral incentives.

[Begin recording] [Third speaker] We requested this hall in order to truly experience love, to turn it into a mini hospital of the Federation of University Students; to do it the hard way. The previous program did not foster motivation. [end recording]

Raul asked if the students knew whether provincial PCC leaders and government officials visited the hospital while the hospital was mired in disarray. Upon hearing no for an answer, Raul underlined the importance of direct ties between PCC leaders and the needs of the people, and stressed that this has always been Fidel's work method.

The last place visited was the miscellaneous crops enterprise in Banao, 18 km from Sancti Spiritus, comprised of an area of 60 square km. Raul and his companions showed great interest in the enterprise. These lands, fallow for a long time, produced record amounts years ago. Today there is a strong movement to free them of marabou weeds and once again make them productive.

Raul was told that losses are declining and that 90 percent of the workers are directly linked to production, which, together with the right management methods, is very encouraging. More than 94 quintals of tubers and vegetables have been produced in only a few months.

Visits Cienfuegos, Greets Children

FL1002130795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 10 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] In Cienfuegos, Minister of the Revolutionary Armed Forces [FAR] Raul Castro, and the delegation that is accompanying him, visited a special forces unit and its community. Raul and his delegation were briefed by the unit's commander on the unit's combat readiness and the troop's professional level of training. In just a few hours this unit would defeat the enemy's most elite troops, who would find themselves in a deadly beehive.

Raul noted the development obtained in agricultural and fish farming sectors, which is part of the special task the FAR has undertaken—even before the special period—in its quest to be self sufficient. This unit has six hectors of fish ponds, which at full capacity will supply enough fish to feed the troops. Raul was also briefed on the initiatives used to recover shoes, technical resources, and other materials. Many of these initiatives were developed by members of the National Association of Innovators and Efficiency Experts, who are stimulated in this unit.

[Begin recording] [Unidentified child one] Minister of the FAR Raul Castro Ruz, here is gift from the children.

[Castro] Well then, applause for the children. [Applause] Thank you. Let's see, what does it say? Do you know how to read, and you?

[Unidentified child two] Hey, look, look! [Laughter]

[Castro] Oh boy, you have grown a lot in a year! You were chubbier before. What is your name?

[Unidentified child two] Omarito.

[Castro] What is your nickname?

[Unidentified child two] Soplete [English: blowpipe, torch]. [Laughter]

[Castro] Why do they call you soplete? [Laughter] [end recording]

The visit to the community was very stimulating. Raul saw himself quickly surrounded by children who, together with the people living in the area, escorted him during his visit.

Raul was briefed with regard to the community's development through the construction of low cost housing. Their design is very nice and the layout makes them comfortable for the inhabitants. There are three different types, several different models and they are very comfortable. The community has two caballerias earmarked for growing their own food. Another initiative is that marabou weeds have been used to build furniture.

As in many other places where his presence was known, Raul—visibly happy—received a request from the people to transmit their salute to Fidel Castro.

[Begin recording] [Unidentified child three] Ask him when he is going to come!

[Castro] Who else has something to say to Fidel? Isn't anyone going to send Fidel a kiss? [Children shouting: Me, Me!]

TRABAJADORES on Importance of Cost Control

FL0602171095 Havana Radio Progreso Network in Spanish 1200 GMT 6 Feb 95

[TRABAJADORES newspaper editorial; read on the "First Thing" program]

[FBIS Translated Text] A vital piece of the gear assemblage of the Assemblies for Economic Efficiency is still missing in a large number of enterprises and entities. The cost of production must take on a active role when making agreements, when discussing the current problems, and in

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defining the goals and objectives to be achieved. When this piece is missing, the assemblies would eventually lose their validity and usefulness.

We have just entered the third assembly cycle and experience demonstrates that in most places, the serious deficiencies—those that appear at a glance—have been discovered and combated even though they are not completely solved. The evident deviations from efficiency—such as the famous "shortages", the indiscipline in the collection and payment of outstanding accounts, the uncontrolled absenteeism, the inability of the operators, the lack of technological discipline, the lack of control at the warehouses, and carelessness in the conservation and use of raw materials—are deficiencies that merely require an analysis, since they are in plain sight, offending the common sense and dignity of the collectives and their leaders.

Resolving those problems could demand enormous support or efforts, but they do not cease to be elementary. There is still much to be done in the elimination of those serious deficiencies, but when we eliminate them we will not have reached efficiency. If we would conform ourselves to simply cease to be wasteful and undisciplined, we would never be able to aspire to achieve a competitive economy, capable of surviving and developing itself in today's world.

If we truly want to begin a new style of direction and management, it is vital for us to abandon the generalized practice of seeking efficiency based exclusively on comparing our performance with previous years without knowing, in reality, the efficiency achieved because we do not know what costs should be; something we must aspire to.

The cost must cease to be a simple measure of expenditures and become the vehicle of the reasonable aspiration toward efficiency. The cost cannot continue to be used simply for statistics and to make reports for external use. The cost should become, within the enterprise or the entity, an instrument for the direction, organization, and planning of the work. The cost must function as the truth to objectively measure the nature of the success or severity of the problems. But, to achieve these purposes—without which efficiency is no more than a pie in the sky—it is necessary for all enterprises and entities to operate under a cost system and to integrate in a single body the objectives of efficiency, which is possible in the consumption of materials and in the use of machinery and equipment, as well as in the proper use of the human resources.

We must say it, because it is the truth: among the leaders that work in the entrepreneurial sector there is a generalized awareness of what a cost system is and what it is good for. It is also true that the labor union movement, as a representative of the workers, has not done all it can to develop that awareness in the work centers, just as there has not been a serious and stable demand by the majority of the branch and sector organizations of their enterprises and entities as far as the issue costs and their decisive repercussions on the economy.

Nevertheless, all sectors and branches in this country have received [words indistinct] of costs given by the governing organization. The budget law for 1995, states that the state's organizations must adopt all measures that can help reduce the budget's deficit. [Words indistinct] to the cost systems that determine what each product should cost and to create a cost budget per area of responsibility would be a measure that complies with that mandate of the law.

How many enterprises currently have their cost records for each product up to date? How many are up to date with their cost accounting to measure the level of efficiency reached and determine where the problems and solutions lie? These are the answers that should be sought in the economic efficiency assemblies, which will begin soon. It is about the right of the collective and the workers to know whether efficiency is measured superficially by a simple comparison with the costs of previous years, or whether they are struggling to reach planned costs and expenditures established through a careful analysis of what should happen in a well-organized productive process in spite of the uncontrollable irregularities of the special period.

Those irregularities cannot excuse a lack of action. Making a true economic analysis avoids making the same mistake again. Discovering the unexploited reserves, eliminating waste, converting labor and technical discipline is an organic necessity. The calculation of costs is vital. Fortunately, there has been a serious work in the calculation of costs in all sectors with few exceptions.

The best examples are undoubtedly the enterprises and units of the Ministry of the Revolutionary Armed Forces, which for many years have not stopped progressing in the configuration of cost systems and in the strict control of expenditures. As of late, it is visible that it has advanced in the scientific activity, in production as well as in research.

We have recently learned that in Holguin a valuable contingent of economists has been created which will work with the Basic Cooperative Production Units of that province for 6 months to perfect the instruments of economic analysis and control in those units. In all our enterprises and entities we have dozens of specialists and professionals, economists, engineers, technicians, and well- trained workers, who have lacked information or motivation to systematically begin the task of controlling costs and expenses.

Enterprises and entities will not receive cost systems from above since they must be determined on a case-by-case basis, according to the characteristics of each economic cell. What are they waiting for? Are subsidized enterprises waiting for a miracle? Will the efficiency come from heaven?

The macro-economic measures that the country has taken to balance its finances have a limit in action. Only efficiency, for the constant improvement of production and costs, guarantees the future of the Cuban people and the consummation of our historic destiny.

It is time to increase the pressures against mediocre and uncreative work in economic management. It is time to

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demand in all places the same seriousness and effort in quality and costs as in production.

Ties Energy Production Efficiency to Recovery

FL1402003795 Havana Radio Rebelde Network in Spanish 1800 GMT 13 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] On 13 February, a TRABAJADORES newspaper editorial calls for efficiency in the production of energy as a guarantee for achieving Cuba's economic recovery, which we all want so badly. The editorial points out that if this does not occur, the cost of buying energy will swallow up our growth, which would only serve to buy more petroleum. The editorial goes on to point out that in a certain way we have gotten used to thinking that Cuba's economic problem would be resolved through increased fuel availability, but that is only half true. What we need is to produce more and use less energy if we want to more available energy. To illustrate this point, the editorial reports that in the last few years, we have been using approximately 40 percent of our economic resources to buy fuel, a total of approximately $8 million a year. The editorial adds that there are factors that have a negative influence on the consumption of energy such as technical and administrative lack of discipline, but that these can be corrected. The editorial points out that this should be an independent issue during any economic analysis at the efficiency assemblies, especially at those facilities with high fuel and energy costs. After recommending that the allotment of higher quotas of fuel be conditioned on proven efficiency, the editorial highlights that producers, workers, and cadres are committed to building a new concept regarding the use of energy because for many years we have been spendthrifts in this area. Finally, the editorial adds that the issue of energy consumption should be discussed at the efficiency assemblies because Cuba's energy situation—our economy's Achilles' heel—is one of the greatest barriers on the path to Cuba's economic recovery.

Journalists Discuss Foreign Investment

FL0702145395 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Feb 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Osvaldo Rodriguez]

[FBIS Translated Text] [Roque] Many listeners have called to ask us if the Mexican crisis could be duplicated in Cuba considering the fact that there are several foreign investors in Cuba. Of course this crisis could not be repeated in our nation because in Cuba the characteristics are different and investors and financial arrangements are also different. I have invited journalist Osvaldo Rodriguez from the BOHEMIA magazine to explain why this is so.

[Rodriguez] I would not say with certainty that it could not be repeated in Cuba. I think the crisis could be repeated in any nation that has foreign investment. What is happening? In this case, Cuba has created a protective umbrella to preclude events such as those our brother nation of Mexico is suffering from occurring in Cuba. Why? Because, in Mexico foreign investors with the so-called flight [golondrina] of capital, which flies from time to time from one country to another...

[Roque] This fleeting capital is headed now to Brazil.

[Rodriguez] Yes, however, the situation could happen anywhere in Latin America, because in the so-called lost age from the 70's to 80's, Latin America suffered a flight of this capital, which returned in the following decade. Perhaps the same flight of capital—or a transfer between countries—will occur between the 90's and the end of the century.

[Roque] However, there are important aspects regarding investment in Cuba, and as I said earlier, I believe this crisis will not happen here because the situation is different.

[Rodriguez] I respect your position, but I was simply arguing the eventuality of a crisis and the measures Cuba is implementing to prevent this crisis from happening.

I was referring to the flight of capital. Cuba has tried to find protection against it.

[Roque] How?

[Rodriguez] Simply with a rigid policy on conditions regarding where to invest. Any capital from anywhere in the world can come to invest in Cuba, however, the Cuban government dictates where to invest and the requisites for investing. One of these requisites is foreign market, because of course, any foreign investor comes thinking of the national market to a country so short of any kind of supplies as Cuba is where we are lacking from a simple lace to big trucks.

However, if one allows them to invest in the local market, bringing supplies in, then when they take their money away what happened in Mexico would take place in Cuba also, and we would be back in a deep crisis. But Cuba's investment policy has been different. It has called for investment in lasting goods, such as hotels and industries. We have to bring technology to make industries operational, and market and capital as well.

Cuba seeks investment to increase the processing of nickel—Cuba has the main reserves worldwide—and in the oil exploration sector. Capitalists investing millions of pesos in oil perforation will not leave tomorrow, and if they do, they leave us the investment, therefore, Cuba has looked for protection, and hence, I believe—even though I cannot be categorical—that a crisis will not happen here. Any country receiving foreign investment can be vulnerable to a crisis, however, it is not likely to occur here due to the precise policy that Cuba has implemented.

Sometimes when such a strict policy is enforced, some investors might criticize the slow response. Yet, many investors I have talked to stated that the Cuban response is faster than in many other places. Cuba will become what many call a fiscal heaven due to the changes which have been implemented and the ones which will appear in the

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new investment law because Cuba does not burden investors with taxes. The restrictions are limited to where to invest and the conditions to invest.

[Roque] The original question from our listeners was the possibility of Cuba having the same crisis that Mexico is suffering. I believe it is not likely, though Osvaldo is not so categorical on this view.

How could such a crisis affect us from the financial point of view?

[Rodriguez] Specialists have defined Mexico's problems as a crack in the stock market, where everything originated. We cannot say that there was a slowdown in the efficiency of the Mexican economy, or a decrease in production. Likewise, there has not been a reduction in exports. The value of Mexican money is based on the amount of capital in the economy. Hence, when part of the investment left, the Mexican peso lost value.

[Roque] The Mexican peso acquired its real value.

[Rodriguez] I do not agree. The value of a country's currency depends on passive and active capital—invested in goods, real estate, industry, and also currency in banks. This is what really gives value to the currency.

[Roque] However, some specialists say that even when Mexican economists and government finance officials knew that this crisis was coming, they did not warn the people in charge of finding a solution to such an important problem. This is what some foreign specialists believe.

[Rodriguez] Cuba has a centralized economy, the state controls banks and finances, and the currency as such. Hence, this kind of crisis should not happen, unless we have a floating peso [peso que flote], which it seems is never going to occur. Some time in the future the Cuban peso—as the Mexican peso, and any other currency worldwide—will have to float as other world currencies, because an economy with a double currency such as ours, cannot survive for a long time.

However, having a double currency now protects us from those stock market cracks, because there is no stock market in Cuba. At the same time we are affected in other ways. I am not saying that having a stock market is bad; on the contrary, I believe it would be positive, because stock markets are beneficial in some ways. Suppose that three foreign investors leave Cuba today—I know of some investors leaving—yet, they are leaving us something, such as a building, or some of their investment. We are affected because the investment schedule for a certain date stops, and we have to delay the beginning date. Cohiba hotel is a good example. The hotel had several enterprises financing it.

[Roque] Particularly Spanish firms.

[Rodriguez] Yes, and Cohiba hotel finally ended up with the backing of Sol Melia firm, which will begin operating it. This can happen, but we cannot suffer a stock market crack while Cuba does not have a stock market. If we did, Cuba would have to start taking precautions. For this reason, I would not be so categorical as to deny something that could happen some time in the future. We need to create the appropriate conditions—which we are doing with our foreign investment—for prevention.

The Mexican example is alive, and that ghost is present over the heads of any country receiving foreign investment.

[Roque] I want to make a point clear. I was referring to present times, when I precluded a crisis in Cuba. The Mexican crisis cannot happen in Cuba nowadays.

[Rodriguez] I agree now. It is also important to point out that Mexican economy has also suffered different attacks for many years. This is not their first crisis. In addition, President Clinton has jumped in to help Mexico—disregarding congress—with $47 billion in aid, because the Mexican crisis could have violent consequences to the United States, Latin America, and undoubtedly on other economies worldwide.

[Roque] You were saying that this is not the first Mexican crisis. It is true.

[Rodriguez] Certainly. This has also happened in other Latin American countries with the subsequent problems for people trading with those countries. Cuba trades with Mexico. We have Mexican investment in Cuba, therefore, any problem there affects us.

We would also be affected by a dollar devaluation, in the same way we were affected by the fall of the Soviet Union, the whole socialist bloc, and its economies. This had serious consequences, which we are still going to experience for some years.

[Rodriguez] In addition, we have to consider that the United States is observing the situation because a migratory exodus could take place—not only a few or a few dozen people trying to cross the border daily, but a migratory surge of people to the United States. It could also happen that these people will be accepted by U.S. businessmen because they represent very cheap labor. Hence, this situation could seriously affect U.S. workers and economy. It could also severely affect the North America Free Trade Accord which has just been implemented in Canada, United States, and Mexico.

[Roque] To sum up, we can say that it is safe to invest in Cuba, because the first thing investors did was to find guarantees to their trade.

[Rodriguez] Their foreign trade, of course.

[Roque] The Mexican crisis cannot be repeated in Cuba presently.

[Rodriguez] I agree.

[Roque] Additionally, it is necessary to find out all feasible ways to incorporate into the world economy. Specialists are very aware of this situation. I have talked to some people who direct the Cuban economy, and they have told me about the ways in which Cuba needs to incorporate itself into world trade, meanwhile suffering as little harm as

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possible. We could suffer some, but if we cannot end unharmed, we should at least try to reduce the damage to only minor bruises.

The current situation Mexico is going through is a profound crisis, which could be devastating if it were to take place in a small economy such as ours. Currently, Mexico needs a huge amount of aid, and still it will probably not be able to solve much with the $47.5 billion credit granted. Imagine what could happen in Cuba, which has a much weaker economy.

We have to protect ourselves in every possible way to avoid the circumstances in Mexico. So far, Cuban policy is clear and specific. I have the hope, faith, and conviction that the policy is going to continue to be clear and precise, and we will not get carried away by trying to get out of the crisis quickly. The problem is to not to get out of the crisis tomorrow, but to take firm steps to do so.

Program Views Establishments Charging Dollars

FL0702144595 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Feb 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Luis Sexto]

[FBIS Translated Text] [Roque] Lately, we have seen many establishments—especially in the restaurant sector—that are charging dollars for their services, food, and drinks. On the other hand, there are not as many establishments charging pesos. In an attempt to analyze this issue I have invited Luis Sexto to be with us today. To be honest, he brought up the subject. I think our listeners are going to be very grateful for this analysis.

[Sexto] This is interesting to both of us, as well as to many other people. That is the reason why we have decided to discuss this issue here today, together. In life—at least in a social or economic order—nothing happens due to spontaneous combustion. It is not a whim because decisions of that type would only lead to destruction. I think that right now there is an evident and objective reason behind the proliferation of commercial establishments, within the so-called foreign currency market. Certain sectors of the population may have a hard time understanding this reasoning, but it is a much needed reality. The decision is a result of the crisis that Cuba is suffering, as we all know. I would say that Cuba's greatest need is to obtain foreign currency. Money that will allow Cuba to buy and to import. Cuba is struggling to obtain this money, that's Cuba's greatest problem.

[Roque] That is why people should have possibilities to spend their money and that money can then go to the state.

[Sexto] That is why there must be options for collecting that money. Everyone knows that having foreign currency is not penalized in Cuba. Everyone knows there is a great deal of foreign currency circulating in Cuba. Everyone knows that foreign currency comes into Cuba through different channels. Everyone knows that before having foreign currency was made legal in August 1993, there was foreign currency circulating in a clandestine manner throughout Cuba. That did hurt Cuba's economy. As it was said then; the tiger was grabbed by the tail. Now, the state is trying to control the situation, therefore, if Cuba needs foreign currency it must have establishments that can have things to offer. The state must develop a market that can collect foreign currency. Most of all, the state must create an infrastructure which will allow tourism—which is growing on a yearly basis from one end to the other of Cuba—to feel comfortable in Cuba.

[Roque] However, at the same time, other offers are not increasing. That's what I have been saying all along; a proliferation of establishments that charge dollars. Luis, this generates an attitude of reproach in the people and I think that you can see a little bit of unhappiness among the people.

[Sexto] Juan Carlos, I think that I have been explaining and talking about this issue of why it is necessary for these establishments to proliferate! It is necessary for these establishments to proliferate to allow foreign currency, circulating in Cuba, to be channeled, as well as to give tourists more options. I think that this may rub certain people the wrong way because how many people have access to foreign currency in Cuba? Let's say 15 to 25 percent. More or less, that is the percentage of Cubans who have access to foreign currency, therefore, the majority of Cubans have no access, however, I am explaining the reasons why this situation should proliferate. What you are talking about has a different explanation and a different consideration...

[Roque, interrupting] This is the explanation I want. Why is there no prioritization in opening establishments where products can be paid for in Cuban pesos for those who do not have dollars?

[Sexto] I like that issue. Yes, I think that the proliferation of a market in foreign currency is necessary. We already spoke about why it is necessary. We say that Cuba needs to collect foreign currency and it must find the manner in which to do so.

[Roque] We both agree on that issue. People understand it is for tourism. They also understand the need for options for those who have convertible money. They need to invest and purchase things with this money, however, I insist there must be a response—I say this very clearly—in the restaurant sector for those of us who have pesos.

[Sexto] Juan Carlos, I agree with you, furthermore I need and call for this to be done. I think that we should not forget that we need to give value to the Cuban peso. One of the ways of giving value to the peso is to give it markets. I think that since the establishment of the farmers' and industrial markets the Cuban peso acquired a little bit more value, it was practically at ground level before then. The ideal thing would be to not need one market in foreign currency and another in Cuban pesos. The ideal would be that the Cuban peso would have so much value that we could buy with pesos in those establishments that are dealing in foreign currency. I think that in the future—I can not say exactly when—both economies, which are parallel economies

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today, will flow as one and complement each other. I think that will happen in the future, but right now this is not possible due to the condition of the Cuban peso and to Cuba's economy. These are the irrefutable reasons.

[Roque] We are talking about what this situation could bring about and the concern all of us have because, as you said, we demand purchasing options for those of us who have pesos.

[Sexto] Even though we are not noticing new restaurants opening, who charge in Cuban pesos, I believe that there are efforts being made to do so. Let's say that it is necessary for it to be done...

[Roque, interrupting] They are trying to open restaurants. I am aware of this, but why aren't these efforts generalized? Why is Havana City, the capital of Cuba, so badly off when it comes to the restaurant sector? Why aren't these efforts prioritized?

[Sexto] I agree, we need more restaurants accepting Cuban pesos. These establishments help people to live and they stimulate people to work. As we have said before; a salary stimulates only when I have a place to spend it. There is no doubt. If I don't have where to spend my salary I am not interested in working. That is a truth as big as Havana City's Cathedral. However, I think that this will not come about as fast as we all would like. We must bear in mind that the restaurant sector needs supplies; they need means and that is the problem. Cuba's reserves are depleted. Cuba's production is deficient. All of this must be kept in mind when we judge the restaurant sector. I do not want to become the sector's defender. I demand that they start to think on how to resolve this problem. I wanted to say that I have seen that initiatives are being sought. Notwithstanding the fact that those initiatives can not be implemented immediately. For example, last Sunday I was on my way back from Matanzas and I stopped at the El Rincon Moderno restaurant. Previously, on Friday—I had gone to Marti's home town to participate in a journalists' contest—I had stopped at the same restaurant. It is 10 km away from Matanzas and it used to be a great place to stop and eat. It was closed and I left. On my way back on Sunday, we stopped and we were greatly surprised. As soon as we got out of the car, a waitress came to us and asked if we wanted to eat. We asked her if the restaurant charged in foreign currency and she answered that it charged Cuban pesos. We went upstairs, we were greeted by a well-dressed and polite waitress who took us to our table, told us which waiter was going to take our orders and gave us the menu. We could not believe what was happening. The prices were not cheap, but there was food. I identified myself as a reporter and asked them to call the manager because I wanted him to explain what was happening. The manager explained that his restaurant had received some money from another restaurant in Matanzas. He also explained that his restaurant bought its food supply from the farmers in the area. You know that this is a farming area.

[Roque] Well, there's something new. You see what I mean!

[Sexto] Yes, Juan Carlos. He bought the supplies from farmers that for some reason do not go to the farmers' markets with their products—maybe Matanzas is too far away for them. The restaurant would make the food with these products. The state only supplied them with fuel, sugar, salt, and flour. The restaurant makes its own bread, however, the most important thing is that the restaurant's workers participate in the benefits. Apart from their salaries they receive two percent of the benefits.

[Roque] I am very happy that there are options springing up, but why doesn't this type of thing happen in other parts of Cuba?

[Sexto] I believe that the policy is to extend this throughout Cuba. These restaurants, like El Rincon Moderno, in Matanzas, can not proliferate immediately at the rate everyone would like because the problem is still in obtaining food, the product that is going to be sold. I think that we are going slowly because if you authorized all the restaurants in Havana City to purchase their food at the farmers' markets this would cause difficulties to the farmers' markets due to the excessive demand. I think that is the problem. In three months, the farmers' markets have sold slightly over 1 million quintales. Now then, divide that by 11 million people and the result is a joke. What I wanted to point out is that the idea is good, and it will be implemented wherever possible. Yes, we must demand that the provincial governments and others create multiple markets for the Cuban peso. I think there should be many more places where the peso could be used, however it is necessary that the Cuban peso obtain more value.

[Roque] "Straight Talk", today with Luis Sexto.

'Straight Talk' Discusses Foreign Investments

FL1102172995 Havana Radio Rebelde Network in Spanish 1700 GMT 9 Feb 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Fernando Davalos—live or recorded]

[FBIS Translated Text] [Roque] Good afternoon, friends of "Straight Talk." The needs, possibilities, results, and obstacles to foreign investment in Cuba is the topic of today's "Straight Talk." For that reason, we have invited reporter Fernando Davalos, who I would say is a specialist on this issue, to be here with us.

[Davalos] Thank you.

[Roque] There are certain facts that we cannot ignore when introducing such an important issue: Thirty years ago, foreign investments in Cuba left a bad impression in the minds of the Cuban people.

[Davalos] It is true, especially when we speak of U.S. investments, which had a close relative: political interference and meddling in governments. It left a bad taste, especially among the older generation of Cubans because young Cubans did not have to live through that. They did not see U.S. citizens, whom the people would call consuls, demanding respect. For your information, this was not only among the Cuban people, but among all the peoples of the continent, to the point that today many of Cuba's friends cannot understand why we are opening up to foreign

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investments. They ask themselves: How can that be if the Revolution eliminated U.S. interference? Nevertheless, now we... [changes thought] There has been a change in the historic context.

[Roque] Without going too far--right here in Cuba, there are many people who still do not understand.

[Davalos] Yes, because there were many years of bitterness and injustice.

[Roque] But today, that historic context has changed radically. Not only in historic context, but in terms of agreements. A U.S. sugar concession that destroyed virgin lands in the area of Oriente is very different from a company that commits itself to respecting our ecological laws. such as the mining law, which we discussed on this program. Several of its clauses—I believe 15 percent of the articles—talk about respecting our ecology. This is something that in the past was not discussed, was unknown, was not observed.

[Roque] I insist on this point to people who continue to see foreign investment as a mistake. In other words, they believe that opening our economy to foreign capital was an error. Is there any other way?

[Davalos] None. The country does not have resources and must open its doors to foreign investments. We must be clear that this is not circumstantial. This is a very small country, a country without resources. It has an open economy and will continue to have one. It lives on foreign trade and economic relations and it needs... [changes thought] Furthermore, through foreign investment, it is receiving and assimilating technologies. We have research centers that are very advanced in some areas, but do not have everything we need. We must assimilate that technology from other countries. One must therefore realize that foreign investments must be seen as an irreversible fact for Cuba's economy and survival.

[Roque] Frankly speaking, these people must remember that we are not talking about concessions.

[Davalos] No, of course not; it is very different. There is a pact... [changes thought] The very process of introducing foreign investments in Cuba denotes the consideration and care that each situation is given. In other words, there are groups here in Cuba, the opposite side, who criticize the delays or the slowness of the process. They would like the opening to go even faster; nevertheless, it is being done slowly. One could say that it is progressing slowly and not at the speed that we would like or need. But this demonstrates the exquisite care in avoiding any harm to Cuba and so Cuba does not lose its prestige.

[Roque] The problem of seeking a market for our products also has a lot to do with it.

[Davalos] Of course, because one of the objectives foreign investment has is to find markets for those products. For example, the broad spectrum of new pharmaceutical products must compete against the large multinational corporations. Well, we are teaming up with certain enterprises that open the doors for us. They make a profit, naturally, but Cuba places its product on the market, which is a very demanding market.

[Roque] Davalos, it is important that we discuss the need for these investments and some aspects of them, such as investors. There are some businessmen who are doubtful about our economic opening. Many think that our opening is due to the current situation and they fear nationalization.

[Davalos] Yes, it is true. Let me talk to you about a conversation I had with a U.S. citizen in the Dominican Republic some years ago. He was saying that Cuba is the safest country in the world in which to invest, simply because the Revolution had already taken place. In other words, there was no longer anything to expect. There was no longer a big question mark as to what could happen. Everything that could happen had already happened. Now that also has political implications. Many businessmen, on the other hand, insist that one can trade with Cuba because Cuba respects its agreements.

Of course, this alone will not satisfy the concerns of the skeptics. Cuba, for example, has modified its Constitution, and has recognized the property of those enterprises because it is necssary to give them some security.

Just a few months ago, in a poll on trust among businessmen worldwide, Cuba ranked 29th in investment security—in other words, assurance that they will not lose their money. Additionally, our economy's figures say a lot. In the tourist industry, for example, people recover their investment in just four to five years.

[Roque] Here we can see Cuba's performance. But we must also talk about the possiblities because the majority of foreign investments are in factories and installations that are already set up. This is obviously an advantage to the investor.

[Davalos] Of course it is. Just figure, up until 1994—and this was reported officially—there was $1.5 million in investments. But this figure must be multiplied by four or five because, in general, none of those investments went to build new factories. The factories are already there. Some might need to be modernized technologically. All they need are small investments in technology and, above all, guranteed fuel and raw material, therfore, potentially speaking, we could say that the figure is even greater.

We must also consider that the investor does not have to tie up his resources for years. In other words, the construction of a factory could take two or three years, especially if it is a big factory. Here we do not have to wait all that time. That money will not be immobilized in resources that are maturing over a long period of time. Everything is already there and ready to go.

[Roque] Even though the country is interested in these investors coming here to Cuba and bringing large projects, to help to industrialize the country.

[Davalos] Of course.

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[Roque] We cannot remain with technology that is considered outdated.

[Davalos] Yes, you are right. One of our main objectives is to introduce modern technology. Furthermore, there are several large projects—in the nickel industry for example.

[Roque] It is about being moderate: using what we have and opening ourselves to possibilities from the industrial point of view.

[Davalos] Exactly. There is a priority. We have hundreds of business opportunities with factories that are not operating at full capacity. They are not working at full capacity because trade with the Soviets was interrupted. They stopped supplying us with raw material and fuel because the former Soviet Union disappeared. That priority exists because there are people who are not working or who are not working full shifts.

[Roque] In that sense, the nation offers exceptional conditions for foreign investments. Let us point out the work force we have and the training they have.

[Davalos] Yes, it is one of the countries with the best conditions in that sense. We also have a tremendous infrastructure to support it—the network of roads and the electrical system that reaches 94 percent of the homes in the country. Some say that we are exaggerating, that it is too much, that we are committing ourselves to too much, but that is our country. That is what the country was able to do in past decades. Furthermore, allow me to point out something curious: Foreign investments multiply our economy.

[Roque] Yes, you are right.

[Davalos] They gradually expand and reactivate the rest of the economy with direct benefits for the population. A factory that produces beer is now paid for its product in dollars by the hotels, etc., and those dollars received by the beer factory are reinvested, not only to sustain production for the market outside our borders, but to reactivate the part of the production that goes to our internal economy.

[Roque] We must add the scientific-technical development that Cuba already has, espeically in biotechnology, to those exceptional conditions to which I was referring—for example, the work force—and to which you were referring.

[Davalos] Yes, in biotechnology, the pharmaceutical industry, and in electronics, as well. Those are possibilities that investors are already looking at. But I wanted to warn that foreign investments are not a magic potion.

[Roque] That is precisely what I wanted to point out because many people think that all our problems can be solved overnight.

[Davalos] Or that this is magical. When people say, oh, you work in a corporation, that is good, it is not a magic potion because one must work hard. Right now, in Pinar del Rio, several caballerias of tobacco were affected, and an effort was made to immediately replant the tobacco crops. Do you know why? Because there is a $30 million deal financing the tobacco crops. We must learn to fulfill the agreements that we have established with our foreign partners.

[Roque] That is discipline, and order. We must be organized and we must be respectful and this is also important because the foreign investors see Cuba's respect, discipline, and order. Cuba, as you mentioned the other day, is not a chaotic country.

[Davalos] That is what happened in the former Soviet countries—chaos has taken over, with all due respect.

[Roque] The needs, possibilities, results, and obstacles to foreign investment in Cuba—There is an interesting aspect, and beginning with the most recent comments by Comrade Lage, vice president of the Council of State, on investments in the sugar industry, our main industry.

[Davalos] Well, at the beginning... [pauses] This issue of foreign investments has had several stages. When we began... [pauses] The law was established in 1982, but became effective at the beginning of this decade. The Havana fair opened a new stage, or the third stage, as some call it, when Cuba recognized and accepted foreign investment in the sugar industry. Now they are talking about foreign investment in property [inmuebles] such as buildings. We can negotiate these things. The [word indistinct] is one of those objectives that is waiting to associate itself to reorganize itself and convert itself into what was at one time: a great and beautiful building. That is one of the new things about foreign investments.

But in the sugar sector, it is very urgent. We have recognized that until we reach the yields needed in the sugar harvest, we will not be able to get out of the special period. Lage himself stated this. We are now, as stated by the minister of the sugar industry, receiving financing or are negotiating for advance funds to obtain material resources for the sugar crops. In other words, the sugar industry will also be a recipient of foreign capital.

[Roque] We could also talk about the results obtained because I believe that to end the program, we should talk about what has been achieved to date. What are the results of those foreign investments in Cuba?

[Davalos] I wanted to say one more thing, Juan Carlos, before talking about the results. One of the things that businessmen appreciate most is the fact that Cuba is a country where there is no chaos and corruption. There are thieves. We must be clear and we cannot deny that. But here, there is no bribery, extortion, terrorism, or drugs, which is precisely what they find in other countries. It is a completely different situation, a very clear situation.

As far as the results—forgive me for getting off the subject—I can say that the number of foreign investments, the enterprises that we organize, continue to increase. Just a few days ago we had 176. Today we are reaching 200. I believe there might be more than 200 different types of economic associations. And of those, more than 100 are mixed enterprises because mixed enterprises are not the only thing that exemplifies foreign investment. There are

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cooperation contracts. There are many different types of associations. In other words, there is no rigid model. That is another one of the advantages. This is very modern. In one sector it is done one way and in another sector it is done differently.

[Roque] The country needs to be very discreet when it comes to the negotiations.

[Davalos] Of course.

[Roque] We will not exclude any country.

[Davalos] No, not even the United States. It is interesting because I believe that more than 100 U.S. enterprises have come here and many of them have established what they call a letter of intent so that when conditions permit, they can negotiate with Cuba. I believe that is very interesting. As for discretion, I must warn that it is a great temptation for reporters, but we too must be discreet.

[Roque] Yes, we must be the first to be discreet.

News Headlines From 'First Thing' Radio Program

FL1402191595 Havana Radio Progreso Network in Spanish 1200 GMT 14 Feb 95

["Headlines" section of the "First Thing" program]

—Danielle Mitterrand, wife of French president Francoise Mitterrand, will visit an orthopedic shop today and other places of social and economic significance in Pinar del Rio;

—The Salvadoran delegation of legislators visiting Cuba told the press about the beginning of a new stage in bilateral relations. The delegation arrived in Cuba on 11 February at the invitation of the National Assembly of the People's Government [ANPP], and will leave on 16 February;

—The Revolutionary Armed Forces military council has held the first regular 1995 meeting, chaired by Army General Raul Castro, with the participation of cadres, as well as Party, government and army officials. The main issue discussed during the meeting was development in the agricultural sector—where there were profits, and where government subsidies ended. It was also noted that Cienfuegos was the province showing best sugar recovery so far, with the highest efficiency attained—almost 86 percent;

— Over 5,000 Cubans have been flown to Guantanamo Naval Base from U.S. camps in Panama. The U.S. army southern command spokesman stated that 440 rafters were transferred on 13 February;

—UNICEF Spanish committee has donated $100,000 to Las Tunas, which will be used to build eight aqueducts in rural areas;

—Jaime Crombet, vice president of the ANPP, has announced in Lusaka that Cuba will send 25 doctors to Zambia, to improve health and sanitary services. Crombet, who has been in Zambia since 8 February, stated that Cuba has trained approximately 80 Zambesi doctors, and predicted more bilateral collaboration in the health sector, among others.

Roundup of Politburo Members' Activities

FL1302133495

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 12 February 95.

Nelson Torres has participated in January's sugarcane harvest evaluation meeting in Holguin. Torres stressed the importance of getting imported fertilizer to the sugarcane fields as soon as possible. Torres also pointed out that the infrastructure needed for the transport, warehousing, and distribution of the fertilizer must be put in place immediately. (Havana Radio Reloj Network in Spanish 2030 GMT 5 Feb 95)

Julian Rizo Alvarez has stressed the need for sugarcane complexes in Camaguey Province to increase sugarcane grinding efforts. (Havana Radio Reloj Network in Spanish 2032 GMT 6 Feb 95)

Corps General Abelardo Colome Ibarra attended an Eastern Army graduation ceremony. (Havana Radio Progreso Network in Spanish 1200 GMT 8 Feb 95)

Jose Ramon Machado Ventura and Pedro Ross Leal participated in the planning session for the 10th forum of science and technology held in Havana. Both stressed the importance of improving the forum every year. (Havana Radio Rebelde Network in Spanish 0000 GMT 9 Feb 95)

Pedro Ross Leal attended an assembly for economic efficiency in Pinar del Rio. (Havana Radio Progreso Network in Spanish 1200 GMT 9 Feb 95)

Alfredo Jordan, minister of agriculture and politburo member, presided over the first efficiency assembly of 1995 at the La Tarola Farm in the Isle of Youth. Jordan said that the steps taken during the special period have yielded improvements in the agricultural sector in the last few months, yet there is still much to be done to improve efficiency and reduce costs, and urged workers to redouble their efforts (Havana Radio Rebelde Network in Spanish 0000 GMT 11 Feb 95)

Pedro Ross Leal, secretary general of the Cuban Workers Federation, and Agriculture Minister Alfredo Jordan, have chaired the first assembly for the economic efficiency nationwide, which took place in La Caoba farm, in Isle of Youth. Participants discussed reduction of expenses among other issues, and pledged to meet their goals. (Havana Radio Rebelde Network Spanish 1255 GMT 11 Feb 95)

Alfredo Jordan, member of the Politburo and Minister of Agriculture, has conducted a visit to the Isle of Youth, where he observed the progress of bean and potato crops, among others. He called workers to increase efforts in cattle raising, and in self sufficiency. (Havana Radio Rebelde Network Spanish 1255 GMT 11 Feb 95)

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Roundup of Economic Developments

FL1302134095

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 12 Feb 95.

A Non-Governmental Organization from Italy is executing three cooperation projects with Cuba in the agricultural sector. The approximately $3 million project consists of testing different types of seeds at research centers in Havana and Matanzas. (Havana Radio Rebelde Network in Spanish 0000 GMT 4 Feb 95)

Marcos Maceo brigade from Eliseo Reyes Agricultural-Livestock Cooperative in Santiago de Cuba has been the first to cut 1 million sugarcane arrobas nationwide during the current harvest. Their yield has been over 110,000 arrobas per caballeria. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 4 Feb 95)

The Spanish enterprise, Gal, which withdrew from Cuba more than 40 years ago, reappears in Cuba in a joint venture with the Cuban enterprise (Subshel) for the production and marketing of decorative soaps and colognes. The main line of products includes the famous soaps Heno de Pravia, Nelia and Diana and the colognes Lavanda, and (Bay di Gal). (Subshel) currently has three important partners: Camacho from Spain, the (Unilever) from England, and (Tropical) from Israel. All of them have begun an aggressive sales campaign in Latin American and Europe. The return of Gal is part of the economic reform process which is being carried out in the country where official reports indicate the existence of more than 175 economic associations with mixed capital from 36 countries. (Havana Radio Rebelde Network in Spanish 1255 GMT 4 Feb 95)

Ciudad de Caracas Agroindustrial Complex [CAI] in Cienfuegos will be refurbished and ready for an efficient sugarcane harvest after a 5.5 million peso investment from the sugar ministry. Work in the CAI, which was closed for over one year, will be completed soon, and will increase its milling potential and make it less vulnerable to breakdowns. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 6 Feb 95)

In 1994, 530,000 tires were produced for Cuban-made bicycles, in spite of serious shortages of raw materials. The tire industry in Havana expects to produce 1.5 million tires in 1995. (Havana Radio Reloj Network in Spanish 1500 GMT 6 Feb 95)

Over 580 families in Guantanamo have received new houses to replace those destroyed by the heavy May and November rainfalls in the last few years. Some 560 houses are in various stages of construction, and before 26 July, 1995, unfurnished homes for the rest of the 688 families affected, now in the care of state institutions, are expected to be completed. (Havana Radio Rebelde Network in Spanish 0000 GMT 7 Feb 95)

The ministry of transportation in Granma Province has announced a 3 million peso allocation to repair and maintain 380 km of highways. (Havana Radio Rebelde Network in Spanish 1255 GMT 7 Feb 95)

Guantanamo has built approximately 500 mini milk farms in recent years to increase milk production and should be able to produce almost 16 million liters of milk a year. This would represent a record for Guantanamo, which is planning to build 100 more mini milk farms to increase fresh milk consumption in rural areas. (Havana Radio Rebelde Network in Spanish 1255 GMT 7 Feb 95)

The military industry union foreign currency and peso earnings have strengthened the national economy this year. They have directed their efforts to producing substitutes for imported items, as well as exports. They will soon begin exporting safety security boxes, hunting rifle shells, and certain agricultural equipment to Latin America, and are investigating ways of accessing the European markets. (Havana Radio Rebelde Network in Spanish 1800 GMT 7 Feb 95)

National construction entities are in condition to build 33,000 homes this year. Of those, 26,000 will be constructed using low cost method, 3,000 using conventional or pre-fabricated method, and the remaining 4,000 with efforts of the population. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Feb 95)

Geological studies conducted by a Canadian firm in Cuba indicate that there are traces of gold in the eastern portion of the island, specifically, Santiago de Cuba. Gold traces have also been found in areas of Villa Clara. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Feb 95)

The Ministry of Agriculture plans to rehabilitate the jute industry in Matanzas, where the planted area has been expanded to over 350 caballerias to date. The jute will be used for sacks, ropes, animal feed, and medicines. Cuba can produce up to 6 million tons of jute fiber per year, however, in 1994 only 2.6 million tons were produced. (Havana Radio Rebelde Network in Spanish 0000 GMT 11 Feb 95)

Correction to Castro Calls for Special ANPP Session

FL1302135695

The following correction pertains to the item headlined "Fidel Castro Calls for Special Session of ANPP," published in the 13 February Latin America DAILY REPORT, page 6.

Column two, only paragraph, only sentence, make read: "Government [ANPP] on 24 February at 0130...(changing date to 24 February per monitor recheck)

Inter-Caribbean Affairs

Caribbean States Lobby U.S. for NAFTA Parity

FL1302000795 Bridgetown CANA in English 2322 GMT 11 Feb 95

[FBIS Transcribed Text] Washington, Feb 11, CANA—The Caribbean this weekend launched an intensive lobby in the United States Congress in a bid for equal treatment with North American Free Trade Agreement (NAFTA) member countries. The lobbying efforts are in support of HR553,

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entitled the Caribbean Basin Trade Security Act, which was introduced in the Congress on January 19 last, by Congressman Philip Crane of Illinois.

Leading the Caribbean lobbying effort here Friday were Trinidad and Tobago's Finance Minister Wendell Mottley and Jamaica's junior trade minister, Anthony Hylton, who were among more than a dozen people testifying on the new legislation, now before the trade sub-committee of the U.S. House Ways and Means Committee. Mottley told CANA following the hearing that "the mood of the committee was very positive," but he was surprised by the position taken by the Clinton Administration. Deputy U.S. Trade Representative Charlene Barshefsky, in her testimony, said that while the Clinton administration supports the goals and ideals of the new legislation, there remained several concerns about aspects of the bill.

"The administration remains convinced, however, that the best way to achieve our shared goals for Caribbean basin trade and investment is through a step by step approach. We need to encourage the CBI countries to make improvements in their trade, investment, and intellectual property regimes now, in preparation for the broad set of obligations that later will be included in a full free trade agreement," she said. Barshefsky said the abscence from the legislation of any protection of workers rights as well as the granting of a six-year phase-in period were of concern to the U.S. administration. She added that an extended phase-in period might encourage Caribbean governments to "slow down the reforms on which they have embarked."

But Mottley rebutted: "The facts are that a number of countries, my own in particular, and a number of Caricom countries, have embarked on liberalizing their economies and that has a momentum of its own and we are embarking on a lot of measures to improve investment promotion in our countries and therefore, the U.S. administration need not fear that there will be any lack of zeal on these matters because we are doing these things in or own interest."

On the question of workers rights, Mottley added: "The Caribbean has a very distinguished record in this area and we are in advance of a lot of countries ... and there should be no concern on the part of the administration on this issue." Minister Hylton, in his testimony, said the six-year period "will also create a viable time-frame that will help restore confidence in the Caribbean, confidence that has been eroded as previous parity bills have been proposed and not enacted." He added: "As investors and traders see that time period, they will be able to grasp a tangible expression of the U.S. commitment to its trade relationship with Caribbean Basin countries."

Hylton said the bill "also provides a specific and realistic period for Caribbean countries to complete their reform programmes." Rather than run the risk of losing enhanced trade benefits in the year 2000, Caribbean countries, depending on their individual state of readiness, will spend the next six years working to enact and implement the measures necessary to ensure smooth negotiations of a free trade agreement, he said.

A number of members of Congress testified in support of the legislation, among them Senator Bob Graham of Florida, who pointed to the flourishing democratic process in the Caribbean. He argued that it is in the vital interest of the U.S. to see the economics of the Caribbean grow "for several reasons."

Haiti

Further on Deaths Reported in Limbe Incident

FL1402211395 Port-au-Prince Signal FM Radio in French 1130 GMT 14 Feb 95

[FBIS Translated Text] Haitian state-owned television, Television Nationale d'Haiti [TNH], announced last night that a policeman of the Haitian interim force was killed during the 11 February attack on the barracks in the small town of Limbe. TNH also reported that one of the attackers was injured, without providing any further explanation. A Haitian military spokesman for the neighboring city of Cap-Haitien, Major Charles Pierre, announced last night on Radio Cap-Haitien that one interim policeman was very seriously injured during the incident, another manhandled, and that three others, one lieutenant and two policemen, were reported missing. We are not able to say they are dead, stated the spokesman, asking their families to notify the authorities if any of the three persons get in touch with them.

Maj. Pierre confirmed that the post was turned inside out by the attackers, who took M-1 rifles; and that the multinational force, as well as the Haitian authorities, were searching for the attackers. Contradictory reports relating to this incident were given throughout the day 13 February. Radio stations in Cap-Haitien reported several dead among the interim policemen. A local correspondent announced to AFP the death of several people, finally setting the number of dead at three. A communique issued by the interim force and the U.S. Embassy spokesman in Port-au-Prince denied that there were any victims of the incident.

We learned from several sources on 13 February that clashes indeed pitted interim police against civilians in Limbe, 225 km north of Port-au-Prince, on 11 February. According to Maj. Dany Toussaint, one of the officers in charge of the interim police, one policeman was manhandled and four rifles were stolen. Maj. Toussaint asserted that nobody had been killed, denying the toll reported by the local correspondent, who said the incidents resulted in four or five deaths. Let us listen to Maj. Denis Toussaint's explanations.

[Begin recording, in Creole] [Toussaint] The information I have is that a group of people entered the Limbe police station and found a police officer on duty. They beat him up. Well, he escaped. After they beat him up, he finally escaped. He is now in Cap-Haitien. It was a group of people who, for one reason or another... [pauses] I would say it was about 50 people, including eight volunteers, who used to help the men. They had been hoping they would be admitted into the [police] academy. After they failed the examinations, they roused the population. This small group

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had the station attacked. So after they beat up the policeman who later escaped, they returned to the station and turned it upside down. But there is not... [pauses] Those people were not armed. It was with sticks, stones, and machetes that they committed these actions. But they did turn the station upside down. So far, we have been looking for only one officer, Lt. Antoine Gracia Henrys, whose whereabouts we do not yet know. We do not believe he is dead. He may have escaped, but has not yet reported to the Cap-Haitien department commander. That is it. There are not the many deaths rumored. That is completely false.

[Unidentified journalist] As a major, tell us how you interpret this incident.

[Toussaint] Well, it is, I could say, a regrettable incident, but we are not going to just sit and say: It is a regrettable incident. We have... [pause] there is already an inquiry commission going to the scene to search for those people and arrest them because we will not tolerate any form of violence. We will not tolerate it at all so long as we are in charge of the interim police. So, we ask the population to cooperate with the interim police force and help us continue our inquiry so we can catch those people, arrest them, and put them where they should be.

[Journalist] [Word indistinct] information that four or five military of the interim police force are dead is false?

[Toussaint] Negative. [end recording]

That were the explanation of Maj. Dany Toussaint, commander of the interim force, about the incidents that occurred in Limbe over the weekend. Remember: This is the second police station sacked by demonstrators in two months. In Jeremie, last week—or at least last month—several dozen people turned a police station inside out, making off with rifles and ammunition.

Demonstrators Seek Resignation of TPTC Minister

FL1402203595 Port-au-Prince Signal FM Radio in French 1130 GMT 14 Feb 95

[FBIS Translated Excerpt] Several dozen citizens demonstrated in the area around the Palace of Ministries on 13 February, demanding the resignation of Georges Anglade, minister of Public Works, Transport, and Communication [TPTC], who they say is hindering the operation of the Ministry. The angry-looking demonstrators demanded the incumbent Anglade's departure.

[Begin recording] [Crowd chants: We demand Georges Anglade's departure]

[Unidentified demonstrator] My dear, what happened is that we worked on 16 December. We worked on 16 December [repeats]. He does not want to pay us. We have many people to take care of. All those people are asking us for money, [words indistinct]. [passage omitted] [end recording]

Minister Anglade has promised to respond to the demands of those demonstrators at 1100 on 14 February at Villa d'Accueil. [passage omitted]

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Chiapas Governor Requests Leave of Absence

PA1402172995 Mexico City NOTIMEX in Spanish 1553 GMT 14 Feb 95

[By Sadot Fabila]

[FBIS Translated Text] Tuxtla Gutierrez, 14 Feb (NOTIMEX)—Eduardo Robledo Rincon, constitutional governor of the southeastern state of Chiapas, speaking today to presidents of municipalities and members of his cabinet, requested a leave of absence from his post.

He also urged Samuel Ruiz Garcia, bishop of San Cristobal de las Casas, to end his ongoing activities and live up to his responsibilities by "clearly signaling that his true interest has always been the welfare of Chiapas and that of its residents." "It is time for him to prove this to the entire nation, not just to one group or some people," Robeldo Rincon said in reference to Ruiz Garcia, who presides over the National Mediation Commission (Conai).

He also called on Amado Avendano, former opposition candidate for governor, "who claims that he is fighting for justice, to set aside his ambitions and thus quickly and effectively help heal the wounds."

Robledo Rincon demanded that members of the Zapatist National Liberation Army (EZLN) lay down their weapons and avail themselves of the amnesty that President Ernesto Zedillo will soon propose to the Federal Congress. "If the reasons for their struggle are indeed justifiable, as many of us have conceded, it must be waged within the legal framework," Robledo Rincon said, in noting that a better society cannot be born out of violence. As a political group, he explained, they have the opportunity to struggle for their ideas right now, exercising the broad rights the constitution grants Mexicans and reaffirming the value of politics for settling differences in a civilized manner.

He said that ideological, ethnic, and religious intolerance have resulted in the expulsion of many residents of Chiapas from their communities. He said that a new spirit of unity must be born, "through which we will find a solution to our differences." He asked peasant groups that occupy others' land, either because of manipulation and demagoguery or desperation and need, to leave the approximately 1,000 properties they have invaded. Robledo Rincon also asked the 26,000 displaced Indians from the towns of Ocosingo, Altamirano, Las Margaritas, Independencia, and Trinitaria—in the Chiapas highlands—to return to their homes and begin the "great reconciliation that the state so needs."

He demanded that political parties make political changes that will fully satisfy the calls for transparency and respect for the people's will, so as to end suspicion and the interminable confrontation.

Robledo Rincon gave assurances that the leave he has requested "will not be a pretext for new clashes or for political blackmail and maneuvering."

In his speech, he recalled that when the armed conflict, which has caused mourning, pain, and grief for many families, began about 13 months ago, a number of old problems, needs, and deficiencies were represented as valid reasons for the conflict. "The people of Chiapas have always known that the justifications for the war in the jungle were false," because a few days after the conflict began the original reasons were dropped in favor of other demands involving the entire nation." [quotation marks as received] From out of the jungle, "a small group that had declared war on the Mexican Army and claimed many innocent lives in the first few hours of 1994 proclaimed itself the watchdog of democracy, peace, and legality," Robledo Rincon said. He said that ironically those who violated the law "became its guarantors" and those who promoted intolerance "claimed they represented freedom and democracy."

He added that the armed conflict has taught us many lessons. One is that peace "is fundamental to development and justice and that political and economic transformation of the state is the only way to create a freer and more democratic society." "We saw groups of educated people actively serving social hatred; we witnessed the reemergence of anachronistic utopian ideas that have served only to curtail the freedom of man," he stressed. He said that throughout their history "the people of Chiapas have seen democracy trampled in the name of justice." He added that there have been attempts to turn the state into a laboratory for belated and regressive social experiments, which ignore the fact that other similar experiments in history have failed. The means employed, or the lack of ethics, "which some people have justified," did not matter. Nor was democracy thought to be important, even though some people claimed that they were defending it." [quotation marks as received]

He stressed that President Zedillo was correct and fair in his instructions to the Attorney General's Office and the Mexican Army. Zedillo has laid the foundations for restoring the full legality of the state and ensuring domestic tranquillity in the republic. "We have isolated what is false from what is true, what is real from what is artificial, what is idealistic from what is selfish. The real lesson of the armed conflict is that there are no winners or losers and that the people of Chiapas are united by one ideal, one common goal," Robledo Rincon concluded.

Ruiz Ferro To Be Sworn In as Acting Governor

PA1402210995 Mexico City Radio ACIR Network in Spanish 1950 GMT 14 Feb 95

[Report by Juan Carlos Santoyo]

[FBIS Translated Text] Julio Cesar Ruiz Ferro is the new governor of Chiapas State who will replace Robledo Rincon. He was appointed representative of the Chiapas Government in Mexico City and has occupied several positions in government institutions, including Conasupo [National Company for Basic Commodities], Diconsa [expansion unknown], the Secretariat of Planning and Budget, and the Secretariat of Commerce and Industrial Planning.

Ruiz Cerro is expected to arrive in a few minutes at the local congress, where he will be sworn in as acting governor,

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replacing Governor Robledo Rincon, who has requested a leave of absence from the position he won on 21 August.

Leave of Absence Said To Reduce Political Tension

PA1402235395 Mexico City NOTIMEX in Spanish 2126 GMT 14 Feb 95

[FBIS Translated Text] San Cristobal de las Casas, 14 Feb (NOTIMEX)—Eduardo Robledo Rincon's request for a leave of absence from his post as governor of Chiapas State has been described as an action that will reduce political tension and lay the groundwork for peace in that state.

Amado Avendano Figueroa, former gubernatorial candidate of the Party of the Democratic Revolution (PRD), said Robledo Rincon's departure will reduce tension in Chiapas and "opens a crack in the door to continue the dialogue and achieve peace."

It also meets one of the demands by the Zapatist National Liberation Army (EZLN), which took up arms in January 1994, and sets the foundations to reestablish the dialogue with the government, which had been bogged down since March, he added.

Avendano Figueroa, the self-styled "transition governor," commented that the resignation [as received] shows that the government "has begun to yield to popular pressures and that it wants to accept change, a change toward democratic transition."

Robledo Rincon today presented to the local congress a request for a leave of absence from the office he took over on 8 December, after he won the 21 August elections, with a call to reestablish peace in Chiapas.

The congress later appointed Julio Cesar Ferro, a 46-year-old economist, as interim governor. He has been a member of the ruling Institutional Revolutionary Party (PRI) since 1968 and has held several public posts.

Chiapas Government Secretary General Eraclio Zepeda denied that Robledo Rincon's departure is the result of political instability. "With this decision, the now governor on leave of absence shows his political willingness to contribute to the peace process in the state," Zepeda, a former PRD activist, added.

Jacinto Arias, secretary for Chiapas indigenous issues, said the Indians of this state support Robledo Rincon's decision, after the EZLN changed the direction of the objective of its struggle. Arias said the EZLN set aside the social demands in favor of the Indians and made political demands, something that influenced the opinions of the Indians in the state.

PRD Deputy Horacio Culebro Borrayas said Robledo Rincon's leave is healthy because it smooths the road for the desired political negotiation of the Chiapas conflict. The legislator said that from now on, his party will demand the reestablishment of the negotiations for reconciliation among all the political sectors in Chiapas.

PRD Senator Heberto Castillo said Robledo Rincon's leave is a step toward the transition, whose objective is reconciliation and convincing the Chiapas people that they need to sit down in negotiations to find solutions to their conflicts.

Ruben Venadero of the Federation of Social Organizations of Mexico State said the government should continue seeking peace through peaceful means. He asked the Mexican Army to be "prudent" in the actions it is undertaking in Chiapas, so the country will not experience a worse crisis.

Zedillo Orders Army Not To Take 'Offensive Actions'

PA1402174695 Madrid EFE in Spanish 1620 GMT 14 Feb 95

[FBIS Translated Text] Mexico City, 14 Feb (EFE)—Mexican President Ernesto Zedillo announced today that the Army has "specific" instructions not to carry out "offensive actions" against the Zapatist National Liberation Army [EZLN] guerrillas and to limit itself only to maintaining patrols in Chiapas State.

Zedillo also announced he is ready to "promote a peaceful solution to the conflict," which broke out on 1 January 1994 and heightened last Friday when the Mexican Army launched an offensive to capture top EZLN leaders.

"I have instructed the Attorney General's Office and the Army not to take any action that might provoke confrontations," Zedillo stated.

The president, who took office last 1 December, added that Army troops have occupied the main towns of Chiapas that were controlled by the guerrillas, forced rebels to retreat to the jungle, "and are limiting patrols to prevent acts of violence."

"Today I reiterate that the Mexican Army is and will continue to be an army of peace," the president stated.

Zedillo, who took a 180-degree turn in his policy on Chiapas by ordering the arrest of the EZLN leaders, said the decision "does not rule out a political path to definitively resolve the conflict."

"I reiterate my position that the definitive solution must be found through the path of respect for the law, on political paths, and through conciliation," Zedillo added.

The president said that although his government "has the duty to fulfill and enforce fulfillment of the law," it also has "the duty to promote a peaceful solution to the conflict."

Zedillo's announcement came at virtually the same time as Chiapas Governor Eduardo Robledo announced his resignation in Tuxtla Gutierrez, the capital of Chiapas. This was the most important condition voiced by the EZLN for resuming peace talks.

Reaffirms Desire for Peaceful Solution

PA1402180695 Mexico City NOTIMEX in Spanish 1625 GMT 14 Feb 95

[FBIS Translated Excerpt] Mexico City, 14 Feb (NOTIMEX)—During a meeting with the Chiapas Legislative Commission, President Ernesto Zedillo pointed out

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that last week's actions in no way rule out a peaceful solution to the conflict. "Recent actions are only an intermediate step toward negotiations. The solution to the armed conflict that began in that state on 1 January 1994 should be achieved through peaceful means," the president said.

Senator Pablo Salazar Mendiguchia submitted a proposal to President Zedillo, the main goal of which is pursuing a political solution to the conflict in the southeastern state of Chiapas. [passage omitted] He noted that those present reaffirmed their willingness to continue in their capacity as a republican forum that could promote a meeting between the conflicting parties in that state. He pointed out they asked the president to reject the use of force and not ignore alternative ways of achieving reconciliation in Chiapas. [passage omitted] Salazar added that he has asked the public prosecutor's office "to take precautions" to ensure that actions taken in reaction to disturbances in the state are within the law and that any human rights violations are prevented."

Meanwhile, the Office of the Attorney General of the Republic [PGR] has announced that 14 of the 17 arrest warrants issued in Chiapas have yet to be served, including those for the arrests of Rafael Sebastian Vicente "Subcommander Marcos" and Fernando Yanez Munoz "German." The PGR said that the arrest warrants, issued by the first district court of Chiapas, had been executed within a framework of strict compliance with the law and respect for human rights. [passage omitted]

Appeals to EZLN To Clarify Position

PA1502041395 Mexico City Radio ACIR Network in Spanish 0000 GMT 15 Feb 95

[Report by Rosy Ahuatzin Vasquez; from the "Evening News Panorama" newscast—passages within quotations are recorded]

[FBIS Translated Text] President Ernesto Zedillo Ponce de Leon met with approximately 200 Indian representative of various Indian communities of the republic of Mexico shortly after 0900 this morning, his first meeting during his term on the grounds of the National Palace. Facing them, he made another appeal to members of the Zapatist National Liberation Army [EZLN] to clarify, as soon as possible, their intention to choose a political and legal way to achieve a just, decent, and definite solution in Chiapas.

Zedillo said he has given precise instructions to the Office of the Attorney General of the republic [PGR] and the Mexican Army to take no action that might provoke clashes. The president said the Mexican Army will not take any offensive actions and will limit itself to carrying out patrols to prevent violence.

The appeal to the EZLN gives them a last opportunity to answer this new call for negotiations made by the president, who says a political solution to the Chiapas conflict has not been rejected.

President Zedillo also made an important announcement regarding the amount to be invested in the Indian communities throughout the country, with a greater priority, of course, in Chiapas, the state which has been abandoned the most. Let us go directly to Rosy Ahuatzin Vasquez, who has the news from the National Palace. Rosy, how are you?

[Ahuatzin] Thank you. Good afternoon. In the reception room where Benito Juarez was held prisoner in 1857 for refusing to execute a coup d'etat, President Ernesto Zedillo, as president and supreme commander of the Mexican Armed Forces, made an important announcement today. No offensive military actions will be carried out in Chiapas State, and the Mexican Army will limit itself to patrols to prevent violent acts. There is a message here. Chiapas can have a peaceful solution, and the Army is for peaceful measures.

Meanwhile, the administration has not rejected a political solution to the conflict despite its 9 February decision. President Zedillo said his administration did not choose violence nor was his administration the one that had rejected talks and negotiations, much less has it refused to hold talks directly with the rebels:

[Zedillo] "Those who are demanding today that the government make decisions, which they never demanded of the EZLN, should know that the political path demands political will. That political will is demonstrated through actions, not with words alone. The administration's will to find a political solution to the Chiapas conflict is still alive, as will be expressed today in a new call to the leadership of the EZLN to clearly express its intentions to adhere to a legal political path to reach a just, decent, and definite solution."

[Ahuatzin] President Zedillo is also going to request on 15 February that the legislative branch call for a special session of Congress to consider the amnesty law proposal intended for EZLN members who choose the political path and depose their weapons.

In clarifying the presence of the authorities in Chiapas. the PGR has been peaceful, kind to the citizens. President Zedillo offered to make it easier for commissions favoring dialogue and conciliation and the National Commission for Human Rights to verify there have been no battles or acts of war, nor have there been any violations of human rights violations.

The president said—and he was quite clear on this point—we will not allow the return of prepotency in Chiapas. We are going to ensure there is no more revenge taken, no more abuses such as those which have already harmed the living conditions of the men and women and which offended the dignity of the Indians.

Another clarification the president made in his statement is that the paths to free, imperative, and plural participation are still open but that the only condition imposed by democracy is that all of us, equally, respect the law. This was a message to those who distort the facts:

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[Zedillo] "The condition which ethics demands equally from all of us is the truth. That reason is why one does not contribute to the progress of democracy, justice, or peace by propagating false news. One does not contribute to democracy, a legitimate interest, or a better political order by distorting the facts, and for that reason let us speak the truth, write the truth, and criticize the truth in Chiapas and in all of Mexico."

Government Reportedly Suspends EZLN Arrest Warrants

PA1502001495 Madrid EFE in Spanish 2340 GMT 14 Feb 95

[FBIS Translated Text] Mexico City, 14 Feb (EFE)—Opposition sources reported today that the Mexican Government today suspended the arrest warrants against the top leaders of the Zapatist guerrillas.

Mexican President Ernesto Zedillo ordered the arrest warrants on 9 February.

Jesus Ortega, Party of the Democratic Revolution (PRD) coordinator at the Chamber of Deputies, announced the suspension after meeting with Attorney General Antonio Lozano Gracia. The Attorney General's Office [PGR] did not confirm the suspension of the arrest warrants.

"The arrest warrants have been suspended; the PGR has interrupted the execution of the arrest warrants, which seems to us to be something good," Ortega pointed out after meeting, along with other PDR deputies, with the attorney general.

Government Denies Suspension

PA1502030995 Madrid EFE in Spanish 0113 GMT 15 Feb 95

[FBIS Translated Text] Mexico City, 14 Feb (EFE)—Government sources have denied that the Office of the Attorney General of the republic [PGR] has today suspended the arrest warrants issued against the top leaders of the Zapatist National Liberation Army [EZLN], as opposition sources have insinuated.

The alleged suspension of the warrants was announced by Jesus Ortega, coordinator of the Party of the Democratic Revolution (PRD) at the Chamber of Deputies after meeting with Attorney General Antonio Lozano Gracia.

"The information we have, and which we are going to verify, is that execution of the arrest warrants has been suspended or interrupted, but we must confirm this," Ortega announced.

Although Ortega did not say that Lozano Gracia had officially confirmed the suspension, the PRD legislator said that "he somehow knew it," and that in the event of its confirmation "that also would be good."

Nevertheless, official sources insisted that the attorney general had not made that announcement at his meeting with the PRD congressmen, and they announced that the PGR had issued a communique to explain the situation.

The arrest warrants against the top EZLN leaders were announced on 9 February by Mexican President Ernesto Zedillo.

This step represented a 180-degree change in Zedillo's policy toward the Chiapas conflict, because since taking office on 1 December, he seemed determined to resume peace efforts with the guerrillas.

Thousands of Mexican Army troops on Friday began an offensive in Chiapas State to execute the arrest warrants against the top EZLN leaders.

Authorities Issue Arrest Warrants for 8 EZLN Members

PA1502012595 Mexico City Radio ACIR Network in Spanish 0008 GMT 15 Feb 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] Formal arrest warrants were issued today against eight members of the Zapatist National Liberation Army [EZLN], who have been accused of staging a shootout in Cacalomacan, Mexico State. The sixth district judge found them guilty of homicide, terrorism, and the possession and collection of firearms used exclusively by the Army.

PGR Said Responsible for Capture of EZLN Leaders

PA1502032395 Mexico City LA JORNADA in Spanish 13 Feb 95 p 11

[Report by Jesus Aranda and Ciro Perez Silva]

[FBIS Translated Text] The Office of the Attorney General (PGR) is "absolutely responsible" for the investigation and capture of the leaders of the Zapatist National Liberation Army (EZLN), high-ranking officials of the National Defense Secretariat (Sedena) have said.

The military has categorically rejected the possibility that several of the alleged "leaders" of the EZLN are or have been imprisoned in military camp No. 1.

Meanwhile, PGR sources have said "intelligence tasks" to locate presumed EZLN militants and the safe houses this group presumably had in several states of the republic are being coordinated by the Center for Investigations and National Security (Cisen) of the Government Secretariat and Sedena.

The operations to arrest the presumed EZLN members are being conducted by this institution, which is only responsible for the arrest process, "without directly participating in the investigations, except for certain cases," the sources have said.

The sources have conceded "the PGR did not have all the pertinent, necessary information to carry out the arrests the people are aware of as was done on 9 February" although there was a previous investigation into the specifics of the Chiapas revolt.

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The sources have admitted that to a large extent, "the places, names, and movements of EZLN cells were provided by other organizations, allowing the PGR to limit itself to serve the arrest warrants."

Sedena officials have said this institution only carries out support functions for the PGR, proof of which is that the information generated following the president's decision to arrest the EZLN leaders has been provided by the PGR or, in its place, by the Government Secretariat.

The military has said it has been instructed "not to handle anything" concerning Chiapas.

Government officials have said the Presidency of the republic has planned to set up a "communications office" in Tuxtla Gutierrez. This office would be responsible for compiling information on the conflict in the mountains of Chiapas and organizing expeditions for journalists to visit the site of developments.

Army To Concentrate on Patrolling Activities in Chiapas

PA1502032295 Mexico City LA JORNADA in Spanish 13 Feb 95 pp 3, 4

[Report by Salvador Guerrero Chipres]

[FBIS Translated Text] The Government Secretariat has disclosed the Mexican Army will concentrate on "patrolling activities" in order to prevent violence in Chiapas, where the Office of the General Attorney [PGR] has "peacefully reestabliished its total presence."

The secretariat has made a new appeal to the Zapatist National Liberation Army [EZLN] so as to clarify "its intention" to adhere to the Amnesty Law the executive branch will foster before Congress, and it has appealed to the members of the armed group to channel their demands "through the peaceful mechanism of legal political participation."

Through the Government Secretariat, the federal government has reiterated its will to seek a political solution to the conflict. In a report given at 21:30 hours, Alfonso Durazo, general director of the Government Secretariat Social Communications Department, has said only "two" regrettable "incidents" had occurred. "This proves there is no fighting taking place in Chiapas." Durazo has said it was strictly a matter of complying with the mandates of the legal authorities.

The secretariat has stated the PGR and the Mexican Army have completely established themselves in less than three days, after a 14-month absence of law and order, in the towns in the zone regarded as indispensable to ensure the reestablishment of law and order.

A Government Secretariat source has unofficially stated that one of the two incidents was the death of Colonel Hugo Alfredo Manterola Cedillo. The source has also said the killed officer was the son-in-law of Javier Garcia Paniagua.

The following is the complete text of the message:

The Government Secretariat reports that PGR authorities have peacefully reestablished their total presence in a zone in Chiapas State where the Federal Government was absent for almost 14 months.

The actions of the PGR and the Mexican Army have been clearly aimed to avoid any harm or risk to the people.

The move to reestablish law and order have been carried out in an orderly fashion, fortunately. Only two regrettable incidents have occurred, proof there is no fighting taking place in Chiapas. It has been strictly a matter of compliance with the mandates of the legal authorities.

The PGR and the Mexican Army have completely established themselves in less than 72 hours in the towns in the zone regarded as indispensable to ensure the reestablishment of law and order, to prevent criminal acts, and to comply with the mandates of the legal authorities. The Mexican Army will concentrate in the future on patrolling the area to prevent violent acts in the zone.

The National Human Rights Commission can verify that the attitude of the PGR authorities has been peaceful and that they have afforded due respect to the people.

The reestablishment of law and order will allow the return, within a short period of time, of the people, who have been removed from their homes and communities since January 1994.

It is estimated the Chiapas conflict forced the removal of more than 20,000 people from the Margaritas, Altamirano, Comitan, Independencia, Trinitaria, Ocosingo, and Chancala Municipalities. It is estimated that almost 5,000 displaced people had to stay in shelters, while more than 15,800 people, mostly Indians, had to abandon their homes and take refuge in other communities.

The return of these people to their homes is the first step toward reinstating regular health, education, provisions, and basic services, which must be spurred to provide the just social, economic, and political demands of the people of Chiapas.

Today's action is the first step in attending to the social gap and making progress toward a new political order in Chiapas with peace, justice, and democracy.

We exhort EZLN members once again to make clear their intention of adhering to the Amnesty Law that will be fostered by the executive branch in Congress and to channel their demands through the peaceful mechanism of legal political participation. The government reiterates its will to seek a political solution to the conflict.

In addition, the Government Secretariat exhorts all political parties and social organizations to contribute to restore the peaceful climate Chiapas needs.

It is important not to disorient the people with false information or to distort the actions of the PRG.

EZLN Commander on Willingness To Hold Dialogue

PA1502042095 Mexico City Canal 13 Television Azteca Network in Spanish 0338 GMT 15 Feb 95

[From the "Facts" newscast]

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[FBIS Translated Text] In a clandestine meeting with reporters in the Lacandona jungle, a member of the EZLN [Zapatist National Liberation Army] replied to President Zedillo's initiatives. She said that if the president is willing to hold a dialogue, the EZLN would also agree to seek a political solution to the conflict.

[Begin Commander Ana Maria recording, identified by caption] If the federal government headed by Ernesto Zedillo wants war, it will have war, but if it wants and has a willingness to hold a dialogue, the EZLN is willing to hold a dialogue and seek a political solution to the problems. [end recording]

EZLN's Marcos Issues Communique 9 Feb

PA1502001795 Mexico City LA JORNADA in Spanish 13 Feb 95 p 8

[Communique issued by Subcommander Marcos, of Mexico's Zapatist National Liberation Army, "from the mountains of southeast Mexico" on 9 February—passages in italics as published]

[FBIS Translated Text] To the national weekly PROCESO,

To the national newspaper EL FINANCIERO,
To the national newspaper LA JORNADA,
To San Cristobal de las Casas' local newspaper, TIEMPO,
9 February 1995,
Messrs:

Here comes the communique, after the fact as things now appear. The Zapatist uprising has increased the price of Mexican Indian blood. It was worth less than a chicken yesterday. Their death is the condition today of the largest ignominious loan in world history. The price for the head of Zapatists is the only price that continues to increase in the ups and downs of financial speculation. Mr. Zedillo is beginning to pay off his loan. His message is clear: either you speak with submission and on your knees before the supreme government or I will destroy you with the support of my accomplices in Congress. He is now making up a story that we do not want the dialogue. His objective? To pay off the loan. Somebody should tell that gentleman who the Zapatists are. It seems he has never spoken before to honorable people. He is inexperienced in dealing with human beings. He knows how to deal with figures, macroeconomic plans, deceitful media, and submissive opposition members, but he does not know how to deal with human beings. Let us see whether he learns before it all collapses.

The first and most enthusiastic applause to the Queretaro ultimatum and the "spectacular blow" of 9 February came from large cattlemen and businessmen in the southeast. They know their private armies are not brave enough to face the Zapatists. They hope now the federal Army will do the job private armies did before without so much press: mass murder.

The Supreme Government Is Threatening Us....

The Zapatists and not those who are mainly responsible for the present and future poverty of millions of Mexicans, unemployment, the reduction in the level of income, the loss of confidence in the supreme government and its "institutions."

The Zapatists and not those who, using the Mexican people's money, travel abroad to sell their economic fallacy in other countries.

The Zapatists and not high-ranking Church officials who, while we eat beans, chile, and tortillas, enjoy large banquets at the table, ask about the "obscure" financing from the EZLN [Zapatist National Liberation Army].

The Zapatists and not Hank Gonzalez, whom the U.S. State Department is investigating for money laundering and his drug ties. U.S. justice will do what Mexican justice should do.

The Zapatists and not those who knew about the December devaluation beforehand and celebrated the peso flotation (the elegant way of describing a sudden drop) with champagne.

The Zapatist and not those who, using the great lie of the Salinist boom, drafted the complicated network of theoretical and "brilliant" caravans and "objective" analyses to praise the macro lie.

The Zapatists and not those who in Chiapas, Tabasco, Veracruz, Tlaxcala, San luis Potosi, Guanajuato, Jalisco, have perpetrated before and now a fraud bigger than the economic fraud, the fraud of the hope to a peaceful transit to democracy.

The Zapatists and not those who raped Tzeltales Indians in Altamirano.

The Zapatists and not those who executed rebel fighters detained in the Ocosingo market with a shot to the head.

The Zapatists and not those who, using the elegant clarification that no bombs were used, "rocketed" civilian communities in San Cristobal, the highlands, and the jungle.

The Zapatists and not those who use hound dogs to chase them.

The Zapatists and not those who rated Indian blood in the Chiapas stock market at a price lower than the price of a chicken.

The Zapatists and not those who kept for themselves the gains of the "peace accord" of San Cristobal.

The Zapatists and not those who, from the impunity of a fraudulent legislative seat, violated and violate the Constitution.

The Zapatists and not those who are responsible for crime and now control the energy riches of Mexico.

The Zapatists and not those who were active and passive accomplices in the greatest crime since Porfirio Diaz: Salinism.

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The Zapatists and not those living on the "insecurity" of a monthly salary of thousands of new pesos in exchange for the "tiring" job of lifting their fingers to approve, in the past, the sale of the fatherland and, today, the extermination of Indians in the southeast.

The Zapatists and not the political limb of organized crime and drug trafficking, which go as far as to flaunt the colors of the national flag on its coat of arms as a supreme insult.

The Zapatists and not the handful of U.S. capitalists who have already paid in advance to buy the wealth of our subsoils.

The Zapatists and not those who, from the podium of the mass communications media, have lied, lie, and will lie to the nation.

The Zapatists and not those who met with the IMF in Switzerland in January 1995 and said "President Salinas has given me instructions to... Excuse me, President Zedillo..."

The Zapatists and not those who lead the country's fate from the IDB [Inter-American Development Bank] with foreign blood and vocation.

The Zapatists and not the *white guards*.

The Zapatists, the men and women who rose up in arms to stop living on their knees and not those who have plunged us into ignorance, misery, death, and hopelessness for centuries.

The Zapatists, those who have decided to give their blood in exchange that they would never speak to someone under threats.

The Zapatists, the smallest ones, always the forgotten, those sentenced to death yesterday due to diarrhea, malnutrition, and neglect in the coffee plantations, the farms, the streets and the mountains.

The Zapatists, the smallest ones, always the forgotten, those who will be used as cannon fodder tomorrow to test the modern arsenal of an army that aims its weapons at its brothers of blood, soil, and history instead of defending the national sovereignty and aiming its weapons against the traitors of the motherland.

The Zapatists, to the millionaires in unfulfilled promises, those who cover their faces so that their brothers from other lands can see them. The Zapatists, those who say "everything for all, nothing for us."

The Zapatists, those who taught the current leaders what they did not learn in their graduate programs abroad and what cannot be learned from the textbooks used to miseducate the Mexican children: the meaning of shame, the dignity of human beings, love for the motherland and history.

The Zapatists, who, amid a country of deep-fried foods, imported goods, "great" macroeconomic achievements, fancied first worlds, and despair for change, have repainted the ground and skies of these lands with the six letters that had already been undersold in the international market: Mexico.

The Zapatists, the men, women, children, and elderly who (long before those who encroach upon the Mexican resolve today were even a dream of their parents) reside, live and die in these lands. Those who together with other Indian bloods gave this country the image of an eagle devouring a snake as its national coat of arms.

The Zapatists, we, you, everyone who is not them...

Whatever happens, thank everyone for everything. If we have turned the clock of history back, we would not doubt even for a second to do what we have done. One, a thousand times, we would say: "That is enough!"

Okay. Cheers and a warm embrace, warm (to appease the cold and to prevent neglect from reigning again).

From the mountains of southeast Mexico
Rebel Subcommander Marcos
Mexico, February 1995.

Postscript. *Who enthusiastically applauds the new "victory" of the government police*: I heard that they uncovered another Marcos and that this one is from Tampico. It sounds good; the port is a pretty place. I recall when I worked as a bouncer at a brothel in Ciudad Madero at the time *La Quina* was doing to the regional economy what Salinas did to the Stock Market: injecting money into it to hide the poverty. I left the port, because the humidity makes me drowsy, and the seafood gives me insomnia.

Postscript. *Who remains, despite the circumstances, an egocentric*: By the way, is not the new *Subcommander Marcos* a handsome fellow? They have been giving me lately the identity of all these ugly men, and that has been detrimental to my female fan mail.

Postscript. *Who counts the ammunition and the time: I have 300 bullets, so try to bring more than 299 soldiers and policemen to catch me (everyone says I am supposed to be a good shot. Do you want to find out?) Why only 299 if there are 300 bullets? Because the last bullet is for yours truly. It turns out that one gets attached to those types of things, and a bullet seems to be the only comfort for such a lonely heart.*

Here we go again. Cheers, and will there be a small place in her heart for a memory?

The *subcommander* fiendishly rearranges his ski mask.

Private Sector Rejects Military Solution in Chiapas

PA1102032995 Mexico City EL FINANCIERO in Spanish 9 Feb 95 p 48

[FBIS Translated Text] The Mexican private sector has expressed its total rejection of the possibility of reaching a military solution in Chiapas. Nevertheless, business representatives have said the longer a political solution takes, the sooner weapons and violence will appear.

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They have warned the consequences of an armed intervention will be disastrous for the country's economy, foreign investment, and the currency exchange situation.

The Business Coordinating Council has stated in this regard "We Mexicans do not want violence," as demonstrated in all our daily activities. It has stated Mexicans have also demonstrated their desire for peace to achieve progress and to resolve the country's many problems.

Antonio Sanchez Diaz de Rivera, president of Coparmex [Employers Confederation of the Mexican Republic], has insisted the achievement of peace in Chiapas is a priority. He has said the principal request of society and the businessmen of Chiapas is to maintain a state of law, "because it is essential for peace, work, and development, and they have gotten tired of not having them."

He has said it would be positive to urge the EZLN [Zapatist National Liberation Army] to reach an agreement to resolve the conflict in Chiapas through peaceful means, because society in that state also has the right to struggle for its survival in this crisis, within a climate of peace and calm.

Sanchez Diaz de Rivera has ruled out the possibility of a military solution to the Chiapas conflict, adding that the danger of confrontation is strong and that it is good to see that President Zedillo has understood this point, because everything has a limit, and the limit must be found through peaceful means in the state of law.

Salvador Garcia Linan, director of the Mexican Institute of Medium and Small Industries (IMMPE), has said Mexican civilian society must not permit an eminently political problem being resolved through a military intervention. We must exhaust all nonviolent means so the political problem will not become a military one, he added.

According to Garcia Linan, there is no political greatness in President Ernesto Zedillo's cabinet, but military intervention in a civilian problem should not be permitted. That reality has already been experienced in Chile, Argentina, and Uruguay. The consequences are disastrous in the economic and business area but above all in the area of civil rights, with a state of siege and a dictatorship that would also be experienced in Chiapas.

Garcia Linan has said the achievement of peace in Chiapas requires an individual with political determination. He has mentioned Manuel Camacho Solis as the individual for the job, because he demonstrated he was the only one who understood the essence of the Zapatist movement and acted in keeping with that understanding when he was in charge of the negotiations. Therefore, his efforts would be more productive than a special session of Congress.

Salvador Lopez Negrete, president of Conaco [National Chamber of Commerce], has expressed his opposition to an armed solution. Instead, he has called for peace in the state, because, he has said, violence might bring even bigger problems to the country.

Anti-EZLN Move Compared to Tlatelolco

95CA0124A Mexico City LA JORNADA in Spanish 10 Feb 95

[Commentary by Antonio Garcia de Leon, Chiapas history specialist: "The Road to War"; received via Internet]

[FBIS Translated Text] Among the secret agreements imposed on the Mexican Government in exchange for the granting of the ominous loan by William Clinton and the financial powers of the United States to save the skin of a handful of speculators, two have to do with the subsoil of this country: The first pledges oil revenues in an unprecedented way, turning over the nation's resources to the United States' energy reserves; and the second entails the forceful suppression of a movement that has arisen out of the heart of deepest Mexico. The administration of Ernesto Zedillo has once again resorted to lies and the use of force against a movement it accuses of being alien to popular interests, and of being rooted in none other than the aftermath of the bloody repression carried out by a government (also of the PRI) in Tlatelolco's Plaza of the Three Cultures. Just as he blamed the Zapatist rebels on 20 December for the devaluation, today he is blaming them for the poverty and injustice in which the peasants, most of them Indians, are mired in that state.

Surprisingly, the mass media brought us back to the dark days of the presidency of Gustavo Diaz Ordaz and the dirty war of the seventies, when "the plot against the Mexican people" served as an excuse to call a state of emergency and to murder more than 1,000 people arrested on the pretext of stockpiling weapons and planning an uprising. Now, as then, ridiculous arsenals are showing up in an unusual way, announced by the president himself and by Attorney General Antonio Lozano Gracia, the same man who publicly supported the indiscriminate bombing of the Chiapas Highlands by the Army in January 1994. Today a pretext has been set up to make us believe that the Zapatist National Liberation Army (EZLN) has been refusing to engage in dialogue. It is being described once again as a guerrilla movement foreign to the communities where it developed as an army.

The surprise attack, which will undoubtedly have tremendous repercussions and cause greater resentment than the massacre ordered by Diaz Ordaz in Mexico City, is being carried out in the name of a non-existent democracy and rule of law. Over the last several days, the Secretariat of Defense has been implicated in provocations launched against Amado Avendano's government, and the "white guards" that operate with the connivance of the Mapache government of Eduardo Robledo Rincon have been activated. The threat was already apparent in Zedillo's speech in Queretaro, where the National Democratic Convention (CND), the national leaders of the Party of the Democratic Revolution (PRD), and other forces seeking a peaceful transition to democracy had gathered. The Zedillo administration also wants to involve the legislative branch in the crimes that will be committed from now on against the

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civilian population: We hope that, in their reaction to this, the deputies and senators are not as abjectly servile as the legislators of 1968, who unreservedly supported the bloody repression of peaceful demonstrations at the time.

As of yesterday, the war has resumed, and the Federal Army has already penetrated San Andres Larrainzar, Simojovel, and Guadalupe Tepeyac, apparently without encountering any armed resistance. The goal is to capture "Marcos" and the EZLN leadership, and arrest warrants have been issued against other alleged leaders of the rebellion. Another goal is to take out of play the mediation led by Don Samuel Ruiz, the only thing that has been able to stop the war so far. The Zedillo administration has taken the side of the most reactionary forces in Chiapas and in the country, those who called for the extermination of the rebels in the South in just one week.

Today the pincers appear to have been closed, and the Zedillo administration will be able to make use of its recently purchased arsenal to attack the popular organizations and the civilian population of this country. It will be able to activate the U.S., Argentine, Chilean, and Israeli consultants who have been secretly advising the Mexican Army. It will be able to do that and more, but it will not be able to suppress the rising consciousness of the Mexican people, who now know for certain who is to blame for the economic and political crisis, and who were well aware, throughout 1994, of the terrorist nature of the PRI regime, which had no qualms about assassinating Luis Donaldo Colosio and Jose Francisco Ruiz Massieu (and we are still waiting for justice to be done for those murders). It may be able to sweep aside the tiny, crazy army that has raised as never before the dignity of the poor people of this country, and that called desperately for the civilian forces to support a peaceful solution. It will be able to exterminate, on the surface, the most important democratization movement of recent years and thus end a chapter unique in the post-1910 Revolution period. With that, it will comply with one of the agreements secretly signed with the Clinton administration, which is now controlling the destiny of this country from Washington. But it will never be able to erase from the memory of Mexicans the cry of dignity uttered by the Indians of Chiapas: "Enough!"

Warning Voiced on Anti-EZLN Aftermath

95CA0125A Mexico City LA JORNADA in Spanish 10 Feb 95

[Commentary by Luis Hernandez Navarro, adviser to the National Coordinating Board of Coffee Grower Organizations and researcher at the Center for Studies for Change in the Mexican Countryside (CECCAM): "Zedillo Goes to War"; received via Internet]

[FBIS Translated Text] Once again, the government's actions regarding the conflict in Chiapas have spoken more loudly than its words. Despite the president's statements indicating that his acts do not mean that the government is opting for violence, in his deeds the president of the republic has declared war on the Zapatist National Liberation Army (EZLN).

The operation mounted by the federal government leaves no room for doubt. Detentions, alleged discoveries of arsenals, arrest warrants, and a huge publicity campaign are aimed at a specific target: to try to create the impression in public opinion that the Zapatists are, above all, a force external to the Indian insurrection that is underway in Chiapas, "neither popular nor Indian nor Chiapan." Far from wanting to negotiate, the Zapatists, according to this version, were trying to buy time to wage war.

One measure stands out above all the rest: the discovery—for real this time—of the true identity of Deputy Commander [subcomandante] Marcos. As if this were a professional wrestling match in which the loser is stripped of his mask, the revelation of the alleged identity of the Zapatists' spokesman is being portrayed as a moral triumph for the government.

This set-up leaves no room for doubt: First the offensive was decided upon, and then a way of justifying it was found. The government's intention to return to the warpath has become clear in recent days. The accusations against Amado Avendano, falsely blaming him for the kidnapping of two military officers, made it obvious what course the provocation would take. President Zedillo's speech last 5 February was, plain and simple, an ultimatum.

In view of the government's announcement of the discovery of two arsenals, experience advises caution. During the days leading up to the National Democratic Convention (CND), the capture of alleged arsenals intended for the EZLN in Central America was announced, but there was no proof. The Zapatist supposedly responsible for the shipment was released. The EZLN should reveal whether the arsenals, if in fact they exist, belong to it or are merely one more publicity stunt.

Obviously, the EZLN has a presence in other states of the republic. They themselves have pointed that out on numerous occasions. For years, myriad peasant self-defense groups flourished in the Mexican countryside, but with the passage of time, they became latent. The Indian insurrection of January 1994 reactivated many of these detachments and gave them a national projection. In the initial days of the conflict, the magazine PROCESO published information about the political-military force that gestated the EZLN, which is trying to present itself today as a new entity. But this national foundation and presence is a variable independent of the principal fact that hundreds of peasant and Indian communities in Chiapas see armed resistance as the only way to solve ancestral problems. In Chiapas there is an insurrection because of legitimate demands, and its credentials have been established in broad segments of the population.

As is the case in all "true witch hunts," the publicity campaign surrounding the government offensive is not only taking aim at the Zapatists, but is also aiming point blank at those considered to be their allies: the Party of the Democratic Revolution (PRD) and the Jesuits. Then others will become targets: the independent press, the critical intelligentsia, and other forces of the democratic opposition.

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The measures adopted by the federal government have fueled the fire. President Ernesto Zedillo, who has such a propensity to bow to the interests of Wall Street and to mortgage national sovereignty, has now decided to use force against an army of Indians and peasants. He handled the Chiapas conflict with the dexterity of an inexperienced driver who brakes in the middle of a dangerous curve. This is just one more mistake he has made in running the country. The first was his ineffectual and disastrous handling of the economic crisis; then came his lack of expertise in handling the post-electoral conflicts in the Southeast; and now the declaration of war on the Zapatists.

Faced with a choice between solving the problem by dealing with its root causes and trying to eliminate those who might take the lead in solving the problem, he opted for the latter. The results of this action will be very costly to the country. As always happens in these cases, the benefits of this action will come to a few, the costs to the majority.

Industrialized Countries' Banks Give $10 Billion in Aid

PA1502012695 Mexico City XEW Television Network in Spanish 0430 GMT 14 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The central banks of the 10 most industrialized countries have agreed in Basel on 13 February to give Mexico an economic aid package for $10 billion. Bundesbank President Hans Tietmeyer said this fund is part of an aid package defined at a meeting of Group of Seven treasury ministers in Toronto days ago.

This $10 billion approved in Basel will be channeled to Mexico through the Bank of International Settlements and will be added to the $20 billion of the stabilization fund programmed by the United States and the $17.8 billion the IMF will deposit. This package adds up to nearly $50 billion the international financial community has placed at the disposal of the Mexican Government to tackle the recent economic crisis.

Bankers Association President on U.S. Financial Package

PA1102124095 Mexico City EL FINANCIERO in Spanish 9 Feb 95 p 5

[Report by Georgina Howard]

[FBIS Translated Text] Predicting that interest rates will fall with the arrival of the resources included in the financial package Mexico will receive from the United States and other international financial organizations, Jose Madarriaga Lomelin has said yields dropped 10 percentage points [as published], decreasing from 55 percent to 43 percent in one month.

Although this reduction is still insufficient, he has said, we need to have more certainty on the future foreign exchange policies and make the exchange rate reach, before year's end, 4.5 units to the dollar.

At a news conference, the president of the Mexican Association of Bankers [ABM] has said two credit bureaus will be operating within the system before the first quarter of the year ends.

For individuals, he has said, the association with the Trans Union Inc. company, which will own 49 percent, will be made tangible, and for corporations, the negotiations being held with the company Dun and Bradstreet are expected to be concluded.

Madarriaga has also reported representatives of private banks will hold a special meeting soon to analyze the problems of those institutions that have capitalization problems and to, specifically, decide which banks will opt for the support of Fobaproa [Savings Protection Banking Fund], which banks will use the Bank of Mexico's [Banxico] lines of credit, and how many banks will place their assets on the stock market.

It is known unofficially, however, that Mercantil-Probursa, Bancentro, Confia, Banoro, Banpais, Bancrecer, Banorie, Serfin, Inverlat, and Mexicano Bank are the credit institutions that have a capitalization lower than 8 percent.

During the monthly works of the ABM Executive Committee, bankers and authorities discussed the problems of liquidity and the insolvency certain credit institutions are facing.

Guillermo Ortiz, Finance and Public Credit secretary, who did accompany the bankers at their monthly lunch this time, has assured the owners of the capital the credit package will constitute another incentive to stabilize the markets and to lower interest rates.

In this meeting and before Banxico Governor Miguel Mancera Aguayo and National Banking Commission President Eduardo Fernandez, it was admitted the Mexican banking system has liquidity problems, decreasing profits, low capitalization, and a more expired portfolios.

During the news conference, which began 45 minutes later than scheduled, Madarriaga agreed to answer 10 questions only. He said the foreign banks' participation in the credit bureaus will be the same as those of national banks, because they will participate with similar guidelines.

He emphasized the credit institutions' willingness to renegotiate credit with both individuals and corporation, according to their requirements and the particular system of each credit institution.

The ABM president emphasized how significant it is to have a monetary policy on how to stabilize the exchange rate to ensure interest rates will go down. It is urgent, he insisted, because it is difficult to conceive successful companies or banks given the current yields.

He has maintained all sectors must adhere to the economic program to be able to make plans. In his opinion, it is important for the entire society to be certain on the exchange policies.

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During the lunch, Madarriaga said, bank representatives and authorities discussed the fall in interest rates and the significance of the credit package to stabilize markets and alleviate the pressure on the exchange rates.

They also discussed the creation of the company Procesar, which will manage the SAR [Retirement Savings System] and which will have similar data on all workers and investment companies that could manage the SAR.

At the news conference, Madarriaga introduced Luis Domenzain as the new director of the Pan-American Protection Services. He will be in charge of preparing the protection elements the banking institutions themselves will be in charge of in the future.

Domenzain gave a lengthy explanation to the authorities and private bank representatives on the future concept of banking security.

The AMB official also explained they did not set a date for the bankers who have liquidity problems to attend the special meeting, but it was confirmed talks will be held next week with officials of Banxico, the Finance and Public Credit Secretariat, and the National Banking Commission. They will explain the many mechanisms the institutions that need to be capitalized may resort to.

Committee Head, Senator, Consul on U.S. Financial Package

PA1102043595 Mexico City LA JORNADA in Spanish 10 Feb 95 p 18

[Report by Nestor Martinez, David Aponte, and Oscar Camacho Guzman]

[FBIS Translated Text] Mexico should not accept "blackmail" from the United States or international banks in the negotiations for the financial package, "because both debtors and creditors are jointly responsible for the debt problem, and Mexico will be unable to pay if there is no money," Francisco Suarez Davila, chairman of the Chamber of Deputies Finance Committee, has said when he demanded the country's authorities adopt a "firm and energetic" position regarding the United States.

PRI [Institutional Revolutionary Party] Senator Fernando Solana has agreed the $20-billion credit Washington has granted to Mexico should not have an influence on the national government's migration policy. He has also demanded greater protection of Mexicans in the United States by the Mexican consulates.

Meanwhile, Jose Angel Pescador, Mexican consul general in Los Angeles, California, has proposed the Mexican and U.S. Governments establish a bilateral agreement or understanding to organize the flow of migration between the two nations and to deal with the issue "without emotional and ideological considerations."

Interviewed in his San Lazaro office, Suarez Davila has said the U.S. financial aid is not "any favor, because this matter is something they are doing for themselves, because it is advisable for them, because the debt problem is not only of the debtors but also of the creditors, and that is why the negotiations must be as equals."

[LA JORNADA] If the agreement cannot be reached, should Mexico declare a moratorium?

[Suarez Davila] I do not want to get into that issue, but if they do not lend to us, if a good agreement is not reached, the one who does not have marbles cannot play. What can you do with the one who does not have them?

Suarez Davila has also said the holding of special sessions of Congress will depend on the date when the financial package negotiations conclude. He has said the analysis of the conditions set by the international banks would be left for the ordinary sessions if those negotiations extend beyond February.

Former Foreign Secretary Fernando Solana has demanded the Mexican authorities ensure the consulates intensify their protection of the Mexicans who go to the United States, and he has reiterated Mexico should not accept conditions in the area of migration.

Interviewed in the Senate, Solana has also criticized the economic policy followed by the Mexican administrations that "have been incapable of achieving growth and creating the jobs necessary to keep Mexicans in Mexico."

"We have to admit," he has said, "that the drama of our emigrants and the dangers they risk to try to improve their standard of living are, unfortunately, the most convincing proof of the deficiencies of our economic policies."

He added: "The belligerent tone of Bill Clinton's anti-immigrant program is worrisome," because "U.S. prejudices and preelectoral games and maneuvers are behind those positions."

The proposal, he has said, responds to positions of conservative groups and political-electoral interests of the Democratic Party, which is trying to regain ground lost in the last elections.

"Unfortunately, the announced decisions will obstruct the natural flow of movement on the border, to the detriment of the well-being of the Mexicans and U.S. citizens who live on either side," he has said.

"That reason is why Mexico's migration policy cannot accept pressures from anyone and must respond solely to the interests of the Mexicans," he added.

Nevertheless, he has recognized that each country has the right to set its own migration policy, as long as it is based on absolute respect for human rights.

He has said Mexico must improve, through its consulates, the protection of the human and labor rights of Mexicans, because Mexico "can and is obligated to defend and protect, to the extent of its imagination and possibilities, the interests and human and labor rights of our fellow countrymen, regardless of their legal status."

He has also described as "very opportune" the urgent communique the Mexican secretariat issued two days ago.

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Jose Angel Pescador Osuna, former education secretary and current Mexican consul in Los Angeles, has said Mexico and the United States need to reach a bilateral agreement to organize the flow of migration.

Otherwise, the measures for border and immigration control announced by the White House will make more "bureaucratic the movement on the border" and will negatively affect tourism and the operation of the maquiladoras.

He said in a press statement the new actions against illegals will be judged by the community of nations based on international law.

"We respect the U.S. Government's right to take the measures it deems advisable, but we appeal to the spirit of cooperation characterizing the bilateral relation," he added.

On the proposal for a bilateral migration agreement, he has said the governments, the productive sectors, politicians, and academics of both nations could work in drafting a plan or a program for migration workers with certain specifications, as certain U.S. circles call it.

Secretary Outlines Industrial Development Plan

PA1102122795 Mexico City EL FINANCIERO in Spanish 7 Feb 95 p 22

[Report by Lourdes Gonzalez Perez and Jose Luis Gaona; words within italics as published]

[FBIS Translated Text] Herminio Blanco Mendoza, secretary of commerce and industrial development, has stated that in view of the crisis, the federal government will institute an aggressive program for industrial development and export promotion based on three courses of action: deregulation, simplification, and sectorial support.

He also said that Mexico will receive $8 billion in foreign investments in 1995 and estimated that sales abroad will increase 20 percent.

In an interview with EL FINANCIERO, the head of the Commerce and Industrial Development Secretariat [Secofi] denied that there was an excessive concentration of exports. On the contrary, he said, sales abroad are increasingly varied with a greater number of companies participating.

Replying to criticism from the business sector about the apparent neglect of industrial policies in the face of economic instability, as evidenced by a Secofi internal reorganization program amid the problems, Blanco Mendoza said new regulations are practically complete and will be presented to the president in a few weeks.

In this connection, Blanco Mendoza stated that under secretaries from each area had worked to redefine development plans and programs for productive plants to boost exports and to integrate the countries' manufacturing chains.

He stressed that within this framework, all promotional activities will be concentrated under the Foreign Trade Under Secretariat headed by Decio de Maria Serrano: the Mixed Commission for Foreign Trade Policy (Compex); the General Directorate for Small and Intermediate Enterprises; and the General Directorate for Industrial Policies.

Likewise, Industrial Under Secretary Raul Ramos Tercero will cover Standards and the General Directorate of Foreign Trade Services.

Blanco Mendoza guaranteed that working tours will be conducted throughout the country to get a regional picture and identify the problems that face industries and exports in each zone.

He pledged that a complete report will be presented on each area visited every 45 days.

Regarding specific measures that the new industry and export development and promotional programs will consider, Herminio Blanco said it will be a three-pronged attack:

A deregulation process to include federal—in pending aspects—state, and municipal bodies will be undertaken to reduce operating costs and increase enterprises' operational efficiency.

In addition, the legal framework will be reviewed to eliminate laws that present obstacles to the operation of manufacturing units, increased production, and increases in export volumes.

Also—the official added—timely follow-ups will be done to foreign sales projects, in accordance with the information and work of the National Foreign Trade Bank of Mexico (Bancomext), to guarantee that plans are completed rather than lost in the process.

In this same context, the Secofi secretary assured that advances will be used to implement work sector programs to raise industry competitiveness.

He said there will be a timely follow-up to outline commitments for each productive sector to streamline measures that encourage improved operations of domestic manufacturing plants.

Blanco Mendoza emphasized that there will be a redefinition of industrial policies. Systems that worked well in the past will be adopted again, but new actions will be added to guarantee greater benefits.

He explained that this way there will be a "mixture" of programs and measures: some specific, in other words, "tailored" to the needs of each branch, and some "macro" plans, which will contribute to improved operations in the industrial sector in general.

He clearly stressed that special emphasis will be placed on those sectors and viable enterprises whose results have contributed to growth, not only in productivity and competitiveness but in actual exports.

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He referred to the textile, garment, and shoe industries, which depend primarily on manual labor and therefore constitute an important source of employment and revenue for the people.

In addition, he said, we will explore sectors that have true potential to increase production, competitiveness, and their participation in both the domestic and foreign markets in order to promote specific support according to actual needs.

The man responsible for the country's commercial and productive policy was very clear when he warned that competitiveness is not created overnight, therefore results cannot be demanded in such a short time since the measures were launched just a few years ago.

It takes time, he said, to consolidate the productive sector, improve competitiveness, and strengthen the participation of Mexican companies, both internally as well as in foreign markets.

He added that Mexico is a new country in terms of the growth of its exports, even though it has managed, particularly last year, to substantially increase its sales abroad, both on the market of its main trading partner (the United States, to whom it sold goods worth $50 billion in 1994), as well as to other clients in various regions of the world.

He emphasized that exports have increased not only in volume but in variety; specifically, foreign petroleum sales are becoming smaller in comparison to the sales of other merchandise.

Actually, he pointed out, we have made a lot progress in diversifying exports.

Asked about the movement of imports and how the national productive sector depends on them, Herminio Blanco admitted that the volume of foreign sales is high, but he pointed out that as long the national productive sector is not fully consolidated, foreign products will be necessary.

He concluded by saying that there is an opportunity for Mexican companies to purchase component parts, raw materials, and better quality capital goods under competitive conditions and at lower prices if they are not locally produced or are more expensive on the domestic market.

Secretary Opposes More Imports of Basic Products

PA1202133995 Mexico City EL FINANCIERO in Spanish 9 Feb 95 p 21

[Report by Victor Gonzalez]

[FBIS Translated Text] When replying to demands to allow additional imports of basic consumer goods for the underprivileged classes, Herminio Blanco, commerce and industrial development secretary, said the country will not be opened to basic food products, because this would swamp the nation with contraband goods.

In response to demands by deputies from the PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Workers Party of Mexico] to open the northern border to additional imports of basic consumer goods, to eliminate the national tax on automobiles, to distribute all earnings from international toll bridges to border cities, and to set power rates in accordance with the local climatic needs of each area, Blanco Mendoza simply replied no. He argued that for the time being, in view of the country's current situation, this is not possible.

The legislators attending the meeting with the official said he also failed to answer other questions, such as a request to review and publish fiscal incentives to develop border industries, because he argued that this was up to the Finance and Public Credit Secretariat.

Nevertheless, Herminio Blanco insistently told members of the Border Affairs Commission that the commerce guidelines for the border area will be ready soon, and he also announced that with the creation of the Under Secretariat of Industrial Promotion, which is scheduled to begin operating in five areas this year, the heightened promotion of the border region will be guaranteed.

The Border Affairs Commission handed the commerce and industrial development secretary a document explaining the critical situation confronting the border states following the devaluation of the peso.

Under Secretary on Financial Crisis, Industrial Sector

PA1202003895 Mexico City LA JORNADA in Spanish 8 Feb 95 pp 56, 44

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Secofi [Commerce and Industrial Development Secretariat] Under Secretary Raul Ramos Tercero said yesterday "there are no fiscal resources to pay subsidies" to the national industry; therefore, more efficient ways "that do not burden the country must be sought to promote competitiveness of the productive sector."

Interviewed during the inauguration of Expo Metal 95, the official said Mexico's financial instability has created a complex situation for the industrial sector and will even cause a loss of jobs in certain sectors.

Ramos admitted competitiveness cannot be decreed, much less in a matter of weeks. It is a condition that will be created "from measures that will require a longer term of maturity."

The implementation of a complete industry support program will be sought in a relatively short period, but this program should not be at a cost to the government, because there are no fiscal resources to support it, the Secofi official explained.

He said this plan, which "has an important degree of support to small- and medium-sized industry," will begin

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being defined in the next few weeks and is a focus of primary attention for the federal government.

Ramos told reporters the crisis has a lesser effect on certain industrial sectors than others, as is the case of the automobile industry, which has seen its demands drop drastically.

Credit restriction and devaluation dramatically squeezed the demands of the automobile industry, but it is a sector that has an enormous export potential, which "will help it defend itself in the short term," the official said.

He also said price agreements with the industrial sector have been kept secret, because the information presented at these meetings is confidential, given it refers to business costs, and the industrial sector is requesting that this information not be made public.

In his opinion, devaluation also offers opportunities, because "it is a fact that it makes us more competitive in many branches," especially in those industries that had invested in modernizing over the past few years and can now redirect their production to exports.

"Attempts will be made over the next few months to exploit these benefits as much as possible so that this difficult moment through which the country is going yields positive results in the end," Ramos said.

The under secretary said in front of foreign industrialists that demands for updated technology and greater Mexican enterprise marketing and export efficiency have been made due to international competition.

These enterprises are now demanding direct access to more advanced technologies at the worldwide level, because only in this way will they have the essential elements for an advantageous participation in world export markets, he said.

Representing German and U.S. entrepreneurs who organized the exposition, Raimar Dieterici, director of Hannover Messe International, said Mexico's process of modernization must not stop during times of crisis, adding the current economic crisis demonstrates there is still much to do to become competitive, and it is now clear that high cost imports must be substituted by Mexican merchandise.

SRA Restricts Government Purchases of Farmlands

PA1002171595 Mexico City EL FINANCIERO in Spanish 8 Feb 95 p 33

[Article by Lourdes Rudino]

[FBIS Translated Text] Agrarian Reform Secretary Arturo Warman has said that, as ordered by President Ernesto Zedillo, the Agrarian Reform Secretariat (SRA) will restrict government land purchases to those lands that have been promised to organizations by judicial branch rulings.

In a meeting with 11 member-organizations of the Permanent Agrarian Congress (CAP), Warman said: "We will have to make a tremendous effort to enable peasants to acquire the land they demand through trusteeships, because land purchases are not the job or the goal of the federal government."

He promised to create a "claims office" and a schedule of working sessions with the organizations to process each claim regarding delayed final settlements, land purchases, pending presidential resolutions, and standardization.

In the face of skepticism regarding the SRA's claim that it has cleared up more than 90 percent of the agrarian claims backlog, Warman replied that the figures "are not false." Warman asked the organizations to report to him on those claims they believe to be delayed.

PEMEX Not To Blame

Meanwhile, Agriculture Secretary Francisco Labastida Ochoa, PEMEX [Mexican Petroleum] General Director Adrian Lajous, representatives of the Finance Secretariat and the Trade Secretariat, and Canacintra [National Association of Manufacturers] concluded that the increase in the price of chemical ingredients of fertilizers (specifically urea and ammonia) "cannot be attributed to the marketing strategy of PEMEX or its wholesale distributors but, rather, to retailers because of high costs blamed on transportation." This statement came despite the fact that in mid-January the price of these ingredients sold by PEMEX increased approximately 20 percent in reflection of international prices.

Banks Heighten Support for Manufacturers

PA1002140995 Mexico City EL FINANCIERO in Spanish 8 Feb 95 p 4

[Report by Isabel Becerril]

[FBIS Translated Text] The commercial banks have decided to implement some 40 financial support programs aimed at mitigating the economic emergency the country's manufacturing sector is facing.

Measures already in effect include forgiving overdue interest; flexible grace periods for bank loan payments; the restructuring of overdue debt; reducing intermediation margins; and reevaluating interests rates on mortgage, automobile, agriculture, and industrial loans granted by the country's financial system.

According to information released by the National Association of Manufacturers [Canacintra], 10 private financial institutions are taking part in the plan so far. These institutions include Banco del Atlantico, Bancomer [Bank of Commerce], Inverlat, Bancrecer, Bancentro, Probusa, Banpais, Serfin, Banco Promotor del Norte, and Banco Obrero.

The aforementioned measures were decided during a meeting between representatives from the industrial sector, credit institutions, and the country's financial and commercial authorities.

The program that offers the greatest support to the country's manufacturing sector is the one implemented by

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Inverlat, which includes reducing intermediation margins, reevaluating interest rates, and, in terms of mortgage loans, the possibility of making prepayments without being charged extra commission fees and possible discounts.

Likewise, Inverlat's support plan includes a long-term liability restructuring and consolidation program for agriculture loans in accordance with feasibility requirements applied to each project.

In terms of Inverlat's loans, the financial institution decided to implement a loan restructuring program that takes into account the real earnings generated by each company and the feasibility of the proposed projects.

The support program offered by Banco Obrero to manufacturing companies proposes cuts in the intermediation margin of the applicable rate, forgoing commissions, forgiving all overdue interest payments, extending the grace period for the payment of principal, and restructuring options by using funds from development programs already in effect.

On the other hand, from Banco del Atlantico, small and medium-sized manufacturing companies will be receiving interest rate cuts and a minimum monthly payment on credit cards. In terms of mortgage loans, monthly payments will be refinanced and maturity periods will be extended. With respect to corporate loans, especially those concerning firms in industries hardest hit by variations in exchange and interest rates, temporary support programs will be offered, along with more flexible time periods and the refinancing of overdue interest.

For its part, Bancomer agreed to cut its intermediation margin by as much as 30 percent on some specific loan programs. The bank also agreed to a 7-year restructuring program that includes a 2-year grace period.

Meanwhile, Bancrecer decided not to raise its monthly payments for individual mortgage loans or automobile loans over the next six months. It also agreed to decrease the minimum monthly payment required for credit cards to those clients who are up to date on their payments. The bank also decided to partially refinance interest payments and extend the maturity period for all business loans.

Canacintra also announced that Bancen will take part in these financial support programs by restructuring loans assessed as financially viable, and by approving longer maturity periods and payments depending on each company's financial capabilities.

Mercantil Probursa agreed to extend payment periods in exchange for guarantees or written pledges from individuals. The bank also is offering the partial capitalization of unusually high interest caused by the current crisis.

Meanwhile, Banpais agreed to reduce the margin on mortgage loans along with a payment freeze in the coming six months. As for automobile and consumer loans, Banpais will restructure debts, which could even include a freeze on payments within the next six months.

Serfin Financial Group offered to reduce the monthly minimum payment for all account holders from 8.33 percent to 6 percent of the balance. It also proposed a provisional refinancing plan for mortgage loans contracted within the traditional plan with variable rates.

Banks Report Losses in Last Quarter of 1994

PA1502002295 Mexico City LA JORNADA in Spanish 10 Feb 95 pp 48, 60

[Report by Roberto Gonzalez Amador]

[FBIS Translated Text] Reports by the National Banking Commission (CNB) and the Bancomer [Bank of Commerce] Brokerage Firm have indicated that six of the country's main banks reported losses in the last quarter of 1994. This loss, along with the increase in the number of expired portfolios, has placed these institutions in a delicate financial balance.

For the first time since they were reprivatized, Banamex [National Bank of Mexico], Bancomer, Serfin, the International Bank, the Mexicano Bank, and the Atlantico Bank have reported drops of up to 1,500 percent in their profits during the last quarter of 1994. These drops, according to the reports, were associated with the clients' lack of liquidity and, to a lesser extent, the aftermath of the December devaluation.

The profits of these banks amounted to 2.137 billion new pesos in late December, 65.52 percent lower than the 1993 profits, 6.199 billion new pesos. The profits of these intermediary banks decreased by 4.061 billion new pesos.

The expired portfolios of the six credit institutions amounted to 31.642 billion new pesos by the end of the year, 36.21 percent higher than the 23.229 billion new pesos accumulated in late 1993. This is how the expired balance of credits increased by 8.413 billion pesos throughout 1994.

A detailed report on the situation of these banks released by the Bancomer Brokerage Firm has stated that Banamex sustained losses amounting to 601.2 million new pesos in the last quarter of 1994. This situation had a direct impact on its profits, which totaled 904.6 million new pesos or 154.58 percent lower than the profits of the previous year, when they amounted to 2.306 billion new pesos.

Banamex' expired portfolios increased by 45.16 percent, going from 6.33 billion new pesos in 1993 to 9.189 billion in 1994. In the case of Bancomer, the report has indicated this bank lost 219.8 million new pesos in the last three months of 1994, the reason why its 1994 profits amounted to 866.1 million new pesos. This figure is 109.61 percent lower than the bank's 1993 profits, which totaled 1.815 billion new pesos.

Regarding Bancomer's expired portfolios, the report has indicated that the amount of unrecovered credits increased by 23.53 percent in 1994, as they totaled 8.162 billion new pesos. It had reported 6.607 billion new pesos worth of expired portfolios in December 1993.

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Serfin also reported losses in the last quarter of 1994: 606.6 million new pesos, the reason why its 1994 profits amounted to a mere 78 million new pesos; that is, its profits decreased by 1,034 percent compared to its 1993 profits, 884.9 million new pesos. Concerning Serfin's expired portfolios, they increased from 5.255 to 7.137 billion new pesos, 35.81 percent higher than the previous year.

The same report has stated that the International Bank reported 21.7 million new pesos worth of losses over the last quarter of 1994 and that its net profits totaled 162.7 million new pesos, 140.38 percent lower than in 1993. Its expired portfolios went from 2.113 to 3.025 billion new pesos during the same period; that is, they increased by 43.16 percent.

The Mexicano Bank, which reported loses amounting to 5.5 million new pesos in the last quarter of 1994, sustained the largest drop in net profits, which went from 475.1 million new pesos in 1993 to only 2.8 million new pesos in 1994. In other words, its profits dropped by 1,596 percent. Meanwhile, the Mexicano Bank's expired portfolios increased by 34.59 percent, totaling 2.093 billion new pesos in December 1994. Its expired portfolios had amounted to 1.555 billion new pesos the previous year.

Finally, the Bancomer Brokerage Firm report has indicated the Atlantico Bank lost 47.1 million new pesos in the last three months of 1994, thus reporting 123.2 million new pesos in profits in 1994. This figure is 164.6 percent lower than that of 1993, when its profits amounted to 326 million new pesos. Its expired portfolios increased from 1.369 to 2.036 billion new pesos in 1994, a 48.74-percent increase.

For the set of the six banks cited, the report has stated the ratio between expired portfolios and total credits granted was 8.08 percent by late 1994, three times the guideline recommended by the Basel Convention, which considers that when this ratio is 3 percent, it could then be said the operations of these institutions are "healthy." This ratio was 7.8 percent in 1993.

PROFITS

[Figures in billions of new pesos]

Bank	1993	1994
Banamex	2.3066	0.9046
Bancomer	1.8155	0.8661
Serfin	0.8849	0.0780
International	0.3911	0.1627
Mexicano	0.4751	0.0028
Atlantico	0.3260	0.1232
Total	6.1992	2.1374
Difference		(4.0618)
		65.62 percent

Source: Bancomer Brokerage House

EXPIRED PORTFOLIOS

[Figures in billions of new pesos]

Bank	1993	1994	Percentage
Banamex	6.330	9.189	45.16
Bancomer	6.607	8.162	23.53
Serfin	5.255	7.137	35.81
International	2.113	3.025	43.16
Mexicano	1.555	2.093	34.59
Atlantico	1.369	2.036	48.72
Total	23.229	31.642	
Increased by	8.413	36.21	

Source: Bancomer Brokerage House

Importers, Exporters Association on Devaluation of Peso

PA1102000895 Mexico City LA JORNADA in Spanish 9 Feb 95 p 38

[Report by Patricia Munoz Rios]

[FBIS Translated Text] The devaluation of the peso will not encourage Mexican exports unless accompanied by quick fiscal and financial schemes to develop the sector. The industrial plant is at a total disadvantage in raising its participation in international markets this year. The National Association of Mexican Importers and Exporters (ANIERM) has made this statement and has said the devaluation "will have been useless" if development schemes are not reviewed, because it cannot be taken advantage of for sales abroad.

ANIERM says aspects concerning export enterprises will need to be reviewed in order to encourage exports and to raise export competitiveness within the new industrial policy designed for the country.

A devaluation on its own does not automatically imply sales abroad will increase in view that a production plant may be severely handicapped with financial problems and may not be able to begin a massive promotion of foreign markets, the association states.

ANIERM forecasts that Mexican exports to the United States in 1995 will not grow as steeply as last year, given that industrialists will not have cheap raw materials, and credits for promotion as well as operation financing will be restricted.

The export sector had already proposed an overall plan several months ago. A program of import substitution can be implemented in order to reduce trade deficit pressure with financial, fiscal, administrative, and all sorts of support.

This scheme is valid and needed more than ever but will require a support plan from various channels, especially financial, to implement it.

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Nevertheless, ANIERM has stated this negative trend in the trade balance must be urgently reversed, because current levels are untenable for the country, and keeping import levels so high could generate new imbalances for the country's finances.

If the true intention is to lessen the high trade deficit and aid the country toward exports, the first thing would be to have a working plan with this goal in mind and to adjust the situation of the various administrative bodies to these parameters in order to effectively make the sale of Mexican products abroad grow.

According to ANIERM, the country's trade doors have already opened, as have the doors of the country's main trading partners, but no details have been worked out as to how these opportunities are to be taken advantage of. Raising national income "should be a number one priority" under these unfavorable economic surroundings and with rundown finances, ANIERM believes.

Employers Ask For Emergence of Realistic Leadership

PA1502045095 Mexico City EL FINANCIERO in Spanish 13 Feb 95 p 38

[Report by Isabel Becerril and Gerardo Flores]

[FBIS Translated Text] The Mexican employers sector has asked businessmen to fight for the emergence of an authentic, straightforward, and realistic leadership in our country. It is a leadership that is committed with society, that does not willingly and irresponsibly take advantage of people's discontent, that has a futuristic vision, and that lacks populist hues.

The Employers Confederation of the Mexican Republic (Coparmex) has maintained the situation in which the country is immersed not only demands specific measures to save businesses, thus saving millions of jobs, but also values everything that we have achieved so far in the modernization process and that has not been destroyed by the crisis. We are talking about economic matters.

It is important, Coparmex added, to keep in mind the 11 sociopolitical processes that are occurring in the country and that could lead us to a worse political crisis.

If the government alone cannot resolve the political and economic crisis, society has the additional duty of contributing to resolving these situations to ensure Mexico will not destabilize itself.

Mexicans need time, room, and opportunities for criticisms and respite right now, but what we need the most are real solutions to improve the system in relation to the models we have.

Those institutions that have social clout, such as citizens associations and the church, will make decisions at the times of major debates.

In addition, Coparmex has stressed that although no one should fear anything, indeed "the factors that could lead to such a crisis are working. They are indeed moving. We could face a true and bigger political problem."

The employers organization explained in a restricted document that the credit support the international community, especially the United States, has granted to Mexico constitutes the first step to reinstilling certainty to financial markets, but it is not the panacea that will resolve all the country's economic woes.

The next steps to take are blazing the path for businesses to access credits abroad, stabilizing the foreign exchange rate, decreasing interest rates, conducting a true fiscal deregulation, and implementing a program to reduce the public sector.

The organization believes it is important to overcome the crisis as soon as possible and at once and to draft the mid- and long-term development policies that will prevent us from returning to such an emergency situation as the one through which Mexico is going.

Coparmex, headed by Antonio Sanchez Diaz de Rivera, believes 1995 will be significant for the nation, because it is an election year. There will be gubernatorial elections in the states of Jalisco, Yucatan, Baja California, and Guanajuato, as well as elections for municipal presidents and local deputies in several states, including Michoacan.

Coparmex has stated 11 sociopolitical processes already under way must be thoroughly analyzed in order to prevent the political situation from worsening.

1. The relationship between government and society, which has deteriorated lately;
2. The relationship between the government and the private sector, which are conflicting and difficult;
3. The relationship between the government and the political apparatus, which has become largely complicated;
4. The relationship among the churches and the state;
5. The behavior of political parties and the elections;
6. The socioeconomic progress or backwardness of Mexicans;
7. The social fragmentation and the participatory democracy;
8. The placement and integration of Mexico in the international arena, which becomes more significant as time goes by;
9. Education and culture, which is a slow, underlying process that conditions many political phenomena;
10. Public security and organized crime; and
11. The interactions between politics and social communication.

Coparmex believes it is significant to analyze these processes, because the political groups trying to destabilize the country were unknown until recently and are now getting a profile and coming out, changing everything.

It is not the same to have a polarization within a society rightfully indignant and coerced by certain strategies that go against the government, ending up in a threesome: the state and its tentacles; a number of groups that have their

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own interests, some legitimate and some illegitimate; and a society with all its people, Coparmex concluded.

Chambers of Commerce Issue 'Urgent' Call to Government

PA1502002595 Mexico City UNOMASUNO (Economia Supplement) in Spanish 10 Feb 95 p 5

[Report by Amalia Frias Santillan]

[FBIS Translated Text] German Gonzalez Quintero and Salvador Lopez Negrete, leaders of Concanaco [Confederation of National Chambers of Commerce] and Canaco-Mexico [National Chamber of Commerce-Mexico] respectively, issued an urgent call yesterday to the government. They asked the government to immediately channel resources through the National Financial Bank (Nafin). Otherwise, they said, "almost 80 percent of business establishments as well as service and tourism firms in Mexico will collapse, because the difficult economic situation continues."

During an interview on occasion of the Business Merit Award ceremony, they said "sales, estimated at an average of 50 percent, will drop significantly in the next few months. It is feared that the economic crisis will worsen, that activities in the productive sector will decrease, and that, consequently, unemployment will increase."

At Concanaco's headquarters, where Manuel Sescosse Perez was given the Business Merit Award postmortem, Gonzalez Quintero said the business sector "is struggling to find a solution to the financial support problem, given between 700,000 and 800,000 business establishments of all kinds out of 1.2 million operating in Mexico are in danger of collapsing as a result of the crisis."

He said 30,000 firms throughout the country have overdue portfolios at present, adding that only approximately 180 million new pesos could be renegotiated last year. He asked in that regard "Nafin and credit unions not to withdraw their support, especially to small and medium enterprises, because the economic crisis could worsen."

In view of the threat posed by a possible withdrawal of Nafin's support, "the commercial sector will immediately request meetings with Guillermo Ortiz Martinez, secretary of finance and public credit, and Nafin Director Gilberto Borja and will ask them to rectify their position if possible, because the lack of financial support could seriously hurt the sector."

Gonzalez Quintero said efforts are being conducted so that the Economic Program "can benefit micro, small, and medium enterprises, but this benefit requires 'gasoline'; that is, the necessary funds to put the economic machinery in motion."

Meanwhile, Salvador Lopez Negrete, leader of Mexico City merchants affiliated with Canaco-Mexico, stressed the need for the Bank of Mexico's intervention in the system controlling the fluctuation of the peso "in order to balance supply and demand and to stabilize the critical situation in the commercial sector, which also requires support from commercial banks."

Asked whether more business establishments are expected to close in the near future, he admitted the possibility that all kinds of enterprises could close, because many commercial and industrial firms are in a precarious situation due to accumulated debts and the drastic drop in sales in certain sectors due to a decrease in the demand.

Lopez Negrete added that this sector is basically demanding credits. He said: "We need loans. We are worried about the possibility that Nafin may limit its credit availability, because those resources are necessary to renegotiate the debts for businesses that do not have the necessary funds to meet their commitments. In addition, we must prevent another fall in economic activities and in the people's purchasing power, because we, the merchants, depend on economically healthy consumers who have money." Lopez Negrete warned should economic activities continue decreasing, "productive activities could drop, which would be negative for all. Contrary to that, we need to create wealth based on a healthy economy that will enable us to resolve the urgent problems which we have been dragging and which impair our social life."

Exchange Companies Lose $4.8 Billion

PA1102013895 Mexico City REFORMA in Spanish 8 Feb 95 p A-13

[FBIS Translated Text]

Huge Losses.

The exchange losses of the main companies that quote at the BMV [Mexican Securities Exchange] have totaled approximately $4.8 billion. This figure is equal to 88 percent of the country's nonoil exports in November 1994 or to 78.4 percent of the international reserves under the control of the Bank of Mexico by 31 December 1994.

Company	Exchange Losses*	Percentage of Net Worth**	
(figures in millions of dollars)			
Telmex	880.9	9.9	Its debt in foreign currency amounts to $2.047 billion, and its debt in local currency amounts to $63 million. It has reported a gain in the overall financing cost amounting to 3.9 billion new pesos.
Alfa	479.1	32.1	The devaluation will favor it because 80 percent of its sales are quoted in dollars.

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Company	Exchange Losses*	Percentage of Net Worth**	
(figures in millions of dollars)			
Desc	250.3	31.7	It expects growth opportunities because the spare parts and chemicals sectors have proven to be competitive, and the company has the capacity.
Banacol	250.3	10.9	The bank's capitalization is 10.15 percent of its risk assets, 2.15 percent above what authorities demand.
Mexicana	229.8	761.1	Financial costs will be adversely affected, because supposing the average peso interest rate will be 35 percent in 1995, they will increased by 60 percent.
ICA	200.2	16.4	It must pay $146 million in short- and long-term debt and $48 million in interests in the first half of 1995.
Vitro	199.5	13.5	Its financial position will not change significantly; a large amount of its assets come from abroad.
Visa	167.6	9.6	The impact on its liabilities will be largely offset by the increase in the amount of fixed foreign assets.
Hylsamex	162.4		The devaluation will have positive effects on its margins, because most of its retail prices are pegged to the dollar.
Cemex	145.5	4.9	The impact will adversely affect only short-term operations in Mexico and will be offset by operations abroad.
Televisa	142.1	16.6	The devaluation will have a positive effect on its dollar assets, but it laid off slightly more than 1,500 employees in less than six months and is about to close or sell nonessential businesses.
Aeromexico	142.1	2,539.7	The amount comes from net liabilities amounting to $450 and a 381 million new peso increase in assets, because its planes are valued in dollars.
AHMSA	140.1	21.6	It reported a $750-million loss in the fiscal year as a result of the devaluation.
Tamsa	136.1	27.6	It exports almost 75 percent of its sales.
Dina	110.1	31.8	Its debts amount to over $310, million. 80 percent of which is long-term debt. Motor Coach Int.'s operations cover 60 percent of its debts.
CYDSASA	104.7	24.4	As a result of the devaluation, its export margins increased, and its local prices are becoming more competitive as compared to imported products.
New Pesos Total	3,740.9	18,686.0	
Others	1,083.0	5,409.8(28)	
Grand Total	4,824.0	24,095.8	

* The exchange rate used to convert new pesos into dollars was the one used to settle the debt in foreign currency and prices at closing time in December 1994 (4.995 new pesos to the dollar).

** The amount of exchange losses included in net worth is the amount reported at the third quarter of 1994.

Source: REFORMA and InfoSol [expansion unknown] data. Statistical Support: Tomas De la Rosa.

Institute Reports $1.5-Billion November Deficit

PA1102024595 Mexico City UNOMASUNO (ECONOMIA Supplement) in Spanish 9 Feb 95 p 4

[Report by Luis Martin Gonzalez Guadarrama]

[FBIS Translated Text] The National Institute of Statistics, Geography, and Information Science (INEGI) has reported

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the November trade balance showed a $1.513-billion deficit. Imports totaled $7.608 billion, while exports only totaled $6.095 billion during that period.

In a document on the trade balance, INEGI has stated exports rose by 31.1 percent in comparison with 1993. Regarding petroleum products, sales increased by 18.2 percent during that period, and oil-related revenues rose by 21.5 percent, while the sale of other merchandise grew by 32.9 percent over those in the preceding year.

Exports of the manufacturing industry increased by 33.5 percent, assembly plants exports by 29.4 percent, and products not produced in assembly plants showed a 37.9-percent increase.

Similarly, there was a growth in the sales of foodstuffs, beverages, and tobacco, paper and the publishing industry, and metal products, machinery, and equipment, which account for 73 percent of manufacturing sales abroad.

Regarding the automobile sector, comprised by cars, engines, and vehicle spare parts, it showed a 52-percent increase over November of 1993 and accounted for 21 percent of total exports of the country. This upsurge is attributed to the resumption of engine sales for an assembly company and the conclusion of modifications to the plants for producing new models.

Regarding the agriculture sector, the increase in exports totaled 21 percent, as a result of higher exports of coffee, vegetables, produce, and fresh fruit, which offset the reduction in the sale of tomatoes and cattle.

The import of intermediate goods increased by 30.7 percent.

Meanwhile, INEGI added the average real salary hike per worker showed a 3.7-percent annual accumulated increase between January and November of 1994.

Report Notes Difficulty in Overcoming Balance of Payments

PA1502032895 Mexico City EL FINANCIERO in Spanish 13 Feb 95 p 10

[Report by Marcos Chavez M.]

[FBIS Translated Text] An investigation carried out by EL FINANCIERO, based on data from the Mexican Finance Secretariat, the Bank of Mexico, and the private sector, has indicated the country will have serious difficulties in dealing with and overcoming a collapse in its balance of payments, which started in late 1994 and is a crisis that could last several years, because the economic goals lack credibility and production, nonfactory services are incapable of generating the resources needed to grow, and because of the crisis of foreign financial sources.

According to consulted sources, the adjustment of external accounts will depend on four basic measures: subject the economy to a severe recession in 1995 and a phase of stagnation that will last a few more years so as to decrease the imports of goods and services; increase exports; accelerate the auctioning of the nation's assets; and the benevolence of foreign investors to complement the $14 billion needed to close the gap in foreign currency.

Postdevaluation effects, the rigidity of the various areas constituting the balance of payments, and the commitments assumed with the United States take away credibility, however, from the economic goals of the emergency program.

The official program calls for a 1.5-percent growth rate and a current deficit of $14 billion compensated for by a similar inflow of capital.

The Banorte and Vector Brokerage Firms believe, however, zero growth or a 0.5-percent drop will only bring about a current deficit decrease between $16.5 and 17 billion. Moreover, the Ciemex-WEFA Brokerage Firm estimates a drop of up to 2 percent in production with an external deficit above $20 billion. Financing would be uncertain in all cases.

Despite the expected recession and its costs, several factors will obstruct a current deficit reduction:

Although there are plans to reduce the commercial imbalance from about $18 billion in 1994 to nearly $5 billion in 1995, this reduction will turn out to be more a result of the collapse of the economy and domestic revenues, which will reduce consumption, investments, and imports, and this situation could potentially produce larger amounts of exportable surpluses than a result of a greater real ability to make sales abroad.

The latter is doubtful for at least three reasons:

A) An increase in company costs due to a high number of imports used in production and an increase in the cost of credit and its domestic and external liabilities, which will be affected by the restrictive monetary policy and the devaluation, which could neutralize higher sales abroad than expected with the exchange adjustment.

b) A looming mortgage over petroleum sales and the crisis of the automobile industry, which, in general, contributes 30 percent of export revenues.

c) A dismantling of production plants provoked by an indiscriminate commercial opening, the overvaluation of the peso in relation to the dollar, and the absence of an industrialization policy that is reflected in an accelerated increase in the import-GNP ratio from 10-18 percent between 1985-1993 and the export-GNP ratio from 14.5 percent to 14.6 percent during the same period.

Even if the commercial deficit were reduced, there will be serious obstacles in decreasing the burden of the imbalance of the balance of services, which estimates place at 38 percent of the total current deficit in 1994. It is expected to reach 64 percent in 1995.

Although the devaluation could help reduce the part corresponding to nonfactory services (various kinds of transportation, tourism, and border area transactions), which

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amounted to 6 percent of the negative current balance, this will not occur with other nonfactory services (including interest payments and other services). The latter was 42 percent of the current deficit and will be even higher this year due to higher official indebtness and higher interest rates in the United States. Its resistance to go down will limit the possibilities of eliminating the current imbalance and, thus, also the foreign capital needs reflected in the capital account.

As if this were not enough, imbalances in the balance of payment will worsen due a collapse of external financing sources.

When the capital account was freed, attempts to close the foreign exchange gap increasingly depended on flows toward the securities and money markets. They were equivalent to up to 92 percent of the capital account balance in 1993.

These resources, along with loans and deposits, as well as direct foreign investment, allowed not only the financing of the current deficit but a swift accumulation of international reserves. The total of flows compensated for only one half of the current imbalance in 1994, however.

The internal debt crisis, the government's symptoms of insolvency, foreign distrust in the economic program, and its governing elite—which is now involved in a military venture whose failure could have costly results—the failure of the neoliberal model to finance its own development, and the increase in external interest rates have ended the era of relatively easy external financing.

In the short term, external financing will depend on garage sales of national resources and the generosity of foreign investors in a country that saw its mythical entry to the "First World" disappear overnight.

Instability Affects Construction, Capital Goods Sectors

PA1002161395 Mexico City UNOMASUNO (ECONOMIA Supplement) in Spanish 7 Feb 95 p 6

[Report by Lourdes Sierra Arenas]

[FBIS Translated Text] The instability of the financial market continues to affect production. The construction and capital goods sectors have been the hardest hit, registering a drop of as much as 50 percent in production. This situation demands the immediate implementation of a growth program for the entire industry.

The tax system needs to be reviewed and reformed in such a way that it promotes activities needed to eliminate pressures on the industrial and commercial sectors and turn them not only into engines of productive activity, but also to boost employment, which is in a sad state, according to Julio A. Millan, president of International Consultants, and Carlos Sandoval, president of the National Council of Ecological Industrialists (Conieco). Julio A. Millan said an elimination—and not simply a reduction, as was proposed in the federal tax bill—of payroll taxes, as well as the elimination of the tax on corporate assets, should be considered. The tax system should be designed to attract domestic and foreign investments.

In this regard, he said training expenses should be tax-deductible. The exemption of IMSS [Mexican Social Security Institute] payments also would be beneficial because this would help stabilize the companies' finances. He added that it will be difficult to develop industrial activity in the first half of the year, adding that forecasts predict production will not begin to increase until the second half of the year. The instability of Mexico's currency is keeping productive activities sluggish and preventing companies from long-term planning.

The capital goods and construction industries registered a drop in production of as much as 50 percent as a result of the peso's devaluation and instability. Meanwhile, sectors such as the plastic and textile industries, which have recorded high levels of imports, currently have better growth expectations, he stressed. He pointed out that the budgetary adjustment has prompted a delay in bids for public works projects. This is why the construction industry is almost stagnant.

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El Salvador

Riots Interrupt Calderon, Gonzalez News Conference

PA1402195595 San Salvador Radio Cadena YSU in Spanish 1904 GMT 14 Feb 95

[FBIS Translated Text] Violent disturbances exploded at noon today between demobilized Army members and a riot police battalion across from the presidency in San Salvador, resulting in the suspension of a news conference by Spanish Prime Minister Felipe Gonzalez and Salvadoran President Armando Calderon Sol.

At least two persons sustained gunshot wounds during the cross fire, and a police car was overturned. Riot police dispersed the demonstration of demobilized Army members, who demanded that the government distribute land and the promised compensation.

Further on Demobilized Soldiers Demonstration

PA1502051995 San Salvador Canal Doce Television in Spanish 0100 GMT 15 Feb 95

[Report by Gandi Montoya; from the "Up-to-Date Newscast"]

[FBIS Translated Text] Violence exploded again in front of the presidential palace. This time, demobilized Army soldiers who were demanding a meeting, clashed with riot policemen.

The result of this clash, which lasted more than 90 minutes, was several demobilized people injured, several persons arrested, and some injured policemen. Gandi Montoya was there and he has details.

[Montoya] Demobilized soldiers were not satisfied with demonstrating and attacked police agents who had to resort to tear gas to check the mob.

The demobilized soldiers withdrew a few meters but met with a National Civilian Police [PNC] patrol that was arriving at the scene. The demonstrators overturned the car and captured the agents in that vehicle. The agents eventually escaped.

This attack made the riot policemen leave their security posts and again spray the demonstrators with tear gas. [words indistinct]

[Begin unidentified speaker recording] The former fighters of the security corps were supposed to get land, loans, indemnities, and $5,000. [end recording]

[Montoya] Until that moment all the demonstrators had done was violate the legislative decree that prohibits [words indistinct] or to carry clubs. [words indistinct]

[Begin unidentified speaker recording] You do not know about the decree, the decree that says you must talk to persons who authorize demonstrations totally or partially [word indistinct]? [end recording].

[Montoya] The demonstration continued peacefully until it got near the presidential palace, where instructions not to throw rocks were disobeyed. This is what produced the incidents that resulted in two persons being injured.

[Begin unidentified speaker recording] There are two injured persons; we have been told they are members of the demobilized group. One has knife wounds and the other was beaten. They are Raul Escobar and Jose Osvaldo Mercado. They have received emergency aid at our emergency clinic. There is talk that another person has been beaten. [end recording]

[Montoya] After pushing back the demonstrators and breaking up the demonstration, the PNC mounted an operation in the area to search all suspects. Several persons were arrested. The agents had to use force to search some people.

Once the situation had been controlled and calm had returned to the area near the presidential palace, students from the Espiritu Santo School were able to leave the school. They were scared and afflicted by the tear gas.

This has been the most violent confrontation beteween the PNC and the demobilized soldiers. Each time the demobilized soldiers appear, the security cordons act farther away from the presidential palace. On a previous occasion they operated near the gates. This time they were moved up one block to prevent the demobilized soldiers from approaching the palace.

The problem of the demobilized soldiers is like a time bomb in the hands of President Calderon Sol and that is exploding little by little, and if enough attention is not paid to the problem, it could eventually produce a big explosion.

Demobilized Soldiers Said Planning To Destabilize Country

PA1502052795 San Salvador Canal Doce Television in Spanish 0100 GMT 15 Feb 95

[From the "Up-to-Date Newscast"]

[FBIS Translated Text] The government issued a brief communique in which it states that demobilized Army soldiers are following a political plan to destabilize the country.

National Information Secretary Francisco Imendia read the communique but would not answer questions on the identity of the individuals responsible for the demonstrations.

A few hours after the fracas between demobilized Army members and National Civilian Police near the Presidential Palace, the government of President Armando Calderon Sol, through Communications Secretary Francisco Imendia, protested the actions by the demobilized:

[Begin Imendia recording] The individuals carrying out these demonstrations and making demands that are not considered in the peace agreements are doing so to weaken the consolidation of peace and democracy, which the Salvadoran people have attained at the expense of so many sacrifices. [end recording]

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The government only read a communique stating it will defend the country's institutionality and will see that those responsible for these actions face legal action to avoid this kind of demonstration, which contravenes the interests of the people:

[Begin Imendia recording] The government urges the former members of the dissolved security corps not to be used by leaders who are creating false hopes. [end recording]

In the same communique, the government states all programs listed in the peace agreement are being fulfilled as United Nations observers for El Salvador have verified.

After reading the brief communique, Imendia would not answer questions and would not say who are the people allegedly promoting these actions.

Spain's Gonzalez: Strive To Obtain EU Support

BR1402131595 Madrid EL PAIS in Spanish 14 Feb 95 p 21

[Report by I. Cembrero: "Gonzalez Asks Salvadorans Not To Get Rich at Each Other's Expense"]

[FBIS Translated Text] San Salvador—Yesterday [Spanish Prime Minister] Felipe Gonzalez urged Salvadoran political forces to "complete the fulfillment of the peace agreements" which put an end to the civil war three years ago, and to consolidate democracy by sharing out wealth more equitably among the country's population, without growing richer at each other's expense. The prime minister made this twofold appeal before Salvador's Legislative Assembly, solemnly gathered to listen to his address, which on occasions had a lyrical quality.

Only one month and a half ahead of the withdrawal of the ONUSAL [United Nations Observer Mission in El Salvador] mission, which has been monitoring the peace process in Salvador, Gonzalez called on the Salvadoran parliament to "place its stakes, both politically and in budgetary terms, on the new (democratic) institutions," which will no longer be under UN tutelage. Reforming the Justice Department and setting up a Human Rights' Commission were two of the priorities he mentioned.

It is not enough, however, for these new bodies to start functioning. In order to consolidate peace, "each citizen must be given what is his by right within the framework of a harmonious development of society." "Everyone," he added, "should avoid the temptation of becoming rich at the expense of others," because otherwise "the benefits of peace may vanish into nothingness."

Gonzalez also vowed that Spain would continue to be "present during the new reconciliation and national reconstruction stage," as indeed it was present during the previous stage, when at one point it had 150 military officers and 140 policemen deployed in Salvador as part of ONUSAL.

Gonzalez now promised to maintain, until the end of the year, Spanish teaching staff at the National Academy for Public Security, where democratically minded law-enforcement agents are being trained. He also promised to assign some of this staff to helping the new Salvadoran police to combat organized crime.

"We will strive to complement Spain's support with support from the European Union," Gonzalez added. The aim is to provide Salvador with the $137 million (18 billion pesetas) which its government is requesting to implement the various plans included in the peace agreements.

Gonzalez also mentioned the murder, in 1989, of Central American University (UCA) Rector Ignacio Ellacuria and five other Jesuits (all of whom, with one exception, were Spanish) by members of the Armed Forces. He repeated what he had said on the eve in the Monsignor Romero Chapel at UCA, namely, that their deaths had not been useless because they had led to "all parties involved accepting the fact that a negotiated solution to the conflict was both inevitable and necessary."

It was during his concluding remarks that he got carried away by rhetoric: "I am convinced that the seed of reconciliation is sprouting in fertile soil, a soil watered by the tears of an immense grief, but which today is also receiving the copious waters of love and reconciliation."

Nicaragua

Presidency Minister Describes U.S. Envoy as 'Naive'

PA1402221295 Managua EL NUEVO DIARIO in Spanish 14 Feb 95 p 2

[Report by Aura Lila Moreno]

[FBIS Translated Excerpts] Presidency Minister Antonio Lacayo, with no subtlety whatsoever and in a rude manner, has misconstrued statements by Cardinal Miguel Obando regarding his position on the constitutional reforms. He has even mocked U.S. Ambassador John Maisto for the simple act of having attended the signing ceremony of the law reforming the Constitution.

Saying some of the ambassadors, such as the Europeans, who have decided to abstain from attending the signing ceremony, contrary to what the U.S. representative did, "are more cautious, diplomatic, and intelligent," Lacayo practically described Maisto as naive and not too intelligent, adding he had already reached an understanding with the U.S. State Department.

"Many of the ambassadors have understood it was a political event," the presidency minister has said, and is part of the tremendous campaign being carried out by the executive branch against passage of the Constitutional Reforms Law. It is for this reason that several deputies are planning to introduce a motion before the National Assembly Board of Directors calling for the lifting of Lacayo and Emilio Pereira's immunity.

Speaks About Repressive Mentality

According to Lacayo, resorting to an article of the Penal Code to demand the lifting of his immunity is a violation of

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his right to the freedom of expression. Justifying his campaign against the passing of the reforms, Lacayo claims "all of this is evidence of a repressive mentality by those who cannot tolerate a dialogue." [passage omitted]

Extremist Groups Reportedly To Try To Seize 4 Embassies

PA1402215295 Managua EL NUEVO DIARIO in Spanish 14 Feb 95 pp 1, 8

[Report by Vladimir Lopez]

[FBIS Translated Text] Commander Fernando Caldera Azmitia, National Police chief, disclosed yesterday that extremist groups will try to seize four embassies in this capital during the visit to Managua of Spanish Prime Minister Felipe Gonzalez and former U.S. President George Bush.

According to the police, the threatened embassies are those of Colombia, Guatemala, Venezuela, and Spain. The embassy of the Dominican Republic has been receiving telephone threats.

Caldera said the police have reinforced their watch on the embassies in the capital in view of this "reliable" information and cautioned they will not permit any action that may endanger the security of Felipe Gonzalez or George Bush.

The visit by the Spanish prime minister is scheduled to take place from 16-18 February. A few days after, probably on 25 February, former U.S. President George Bush will arrive in Managua accompanied by his wife, Barbara. Both will come invited by Violeta Chamorro.

The police initially reported that 1,872 men would watch for the security of the visitors, but this figure will apparently be increased considerably, considering that Calderon revealed he will bring forces from outside Managua.

The police chief refused to say what embassies the extremists plan to seize, but it has been said that the entire diplomatic corps accredited to Managua has this information and that precautionary measures have been taken.

Caldera also announced that the police will also reinforce the protection of the National Assembly, "because the legislators believe an attack on it is possible and feel threatened."

Caldera's decision to reinforce the protection of the legislative branch has come in response to serious charges by Dr. Luis Humberto Guzman, president of the National Assembly. He has said extremist groups are planning to seize the National Assembly.

Guzman has said the objective of seizing the Assembly building is to hamper the process for the promulgation of reforms to the Constitution.

Other legislators have also denounced the existence of sordid plots to destabilize the country and to avoid the consolidation of the reforms to the Constitution.

The plans of groups wanting to prevent necessary reforms to the Nicaraguan Constitution have been unveiled now, with the confirmation by the police there are plans to seize several embassies.

Sandinist Renewal Movement Leader: No Pact With FSLN

PA1502004995 Managua EL NUEVO DIARIO in Spanish 9 Feb 95 pp 1, 8

[Report by Edgar Barnerena S.]

[FBIS Translated Text] Sergio Ramirez Mercado has said the Sandinist Renewal Movement [MRS] will never make a pact with the official (orthodox) FSLN [Sandinist National Liberation Front], "because we have suffered so much in gaining the credibility that we are an independent political force that has its own goals and because we are breaking with a totalitarian past which the people rejected in 1990."

In a meeting with the accredited foreign media in Nicaragua, Ramirez has said if, as head of the MRS, he were seen signing a pact with leaders of the orthodox FSLN, "that would be as far as the MRS would go, and it would not have a political future."

"After all this effort to break away from the FSLN, an effort which has cost much, the worse calumnies and insults, I will never negotiate with the people who led a dirty campaign against me and my family," Ramirez has said, adding "I, Sergio Ramirez, will never sit down to negotiate with people who have a Carlos Guadamuz as a privileged active member."

The MRS Does Not Have a Vertical Command Structure

Sergio has said the MRS "is not a party clinging to a strict iron discipline regarding decisions taken at the top. The only valid decisions are those that express the will and spontaneity of the people."

Henry Ruiz said something in Matagalpa last week "that I share; that is, his FSLN membership card is his life, and, therefore, he has to meditate on whether to turn in his active membership card."

Sergio recalled that in a recent meeting he held in Nandaime, an active FSLN member asked him what he would do if he turned in his membership card, how he would identify himself afterward. "One has to take into consideration that to tear up a membership card from one's life is something that is difficult and traumatic."

The MRS is springing forth from the ribs of the FSLN, and it is painfully being torn away. There is no other way to do it. "We are not a party that is being formed by independents. It is rising from the ribs of the official FSLN, until it begins expanding to other segments of society and to individuals who once belonged to the FSLN and are now turning to the MRS as a new approach to political participation."

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"We are working on its organization. Our goal is to participate in the 1996 elections. We are not only forming a party for the elections. I believe this new Sandinism we are offering the people is the only Sandinism that will enter the 21st century," Ramirez has said.

Ramirez has confirmed a request will be made at an appropriate time this year for the legalization of the MRS in accordance with the Electoral Law and the Constitution.

"At the birth of this new party, we identify with the social democratic philosophy which we are going to define in the statutes, programs, and principles" of the MRS, Ramirez has said.

There Could Be Some Surprises Before 1996

Ramirez answered a question by a NOTIMEX correspondent by saying he did not reject the possibility that a new leader unknown to the public might arise before the 1996 elections, and "I believe the electoral waters are turbulent in Nicaragua, just as in the rest of Latin America, a situation which could excite that phenomenon."

"I believe the polls are still indicating much disapproval of political parties and nourishing that kind of phenomenon. Sixty percent of the population does not want to hear about political parties. I believe we will not have a future if the MRS does not break away from that bloc and manage to be regarded as something new outside of that disapproval of political parties," Ramirez has said.

The MRS Will Enter the Elections in an Alliance

Ramirez has said the MRS has to enter the 1996 elections in an alliance with the country's other political and social forces to the extent in which "we become identified with these other forces regarding what we are going to propose to the people, without saying those who have been supporting the constitutional reforms are electoral allies. I believe an effective demonstration of a political alliance has been given regarding the reforms.

"For obvious reasons, as head of the MRS, I appear as its presidential candidate, but that point is not the reason for this movement. If there were a great alliance with other political forces at a determined moment and there was a need for another presidential candidate, you can be certain I will be very open. What interests me is the victory of a political alternative, not to cling to a candidacy if that candidacy is not going to be a winner," Ramirez has said.

Darts in Your Conscience

In response to a question by REUTER reporter Mario Tapia on the spots being aired by the orthodox FSLN-owned media identifying the MRS as the "Ramirist group," Sergio has recalled that they were the same measures used in the media during the Sandinist regime which he described as "propaganda centers."

Ramirez has said to "put that mouthful" into the news was a technique that induced certain newsmen not to say the "reformists" but to say instead the "Ramirist group." That is having another effect, which is To FIX A BRAND NAME INTO THE MIND, which is a slogan used by advertising men, because when one begins emphasizing a name, that name becomes fixed in the minds of the people. "Perhaps they are doing me a favor. It seems to me that emphasis is counterproductive," Ramirez has said.

Panama

Ministry Orders Release of Officers Implicated in Plot

PA1202234095 Panama City LA PRENSA in Spanish 11 Feb 95 p A-1

[Report by Orlando Mendieta C.]

[FBIS Translated Text] The Government and Justice Ministry has ordered the release of the last five police officers implicated in operation "Action and Control," because no evidence has been found linking them to the alleged plot to assassinate President Ernesto Perez Balladares.

Officers Juan Marriaga, Marcos Mora, Euclides Guerra, Astenio Castillo, and Francisco Grajales, who were implicated in the failed plot, were released this week from administrative arrest.

This final group of policemen arrested in connection with the case was released on 8 and 9 February according to information obtained by LA PRENSA.

The officers had been on leave, but whether they were fired by the National Police Directorate is unknown.

Maritza Mora, sister of Captain Marcos Mora, has told KW Continente that Government Minister Raul Montenegro kept his word and released the officers, but one thing remains to be done, and that is to clear these officers' names and reputations. Maritza Mora added that the families of the officers charged with the plot have not considered suing the state.

Security bodies last month arrested 11 National Police officers who were charged with plotting to assassinate Perez Balladares in Chiriqui Province during the inauguration of the Boquete Fair.

The operation, dubbed "Action and Control," involved the assassination of Perez Balladares after occupying the police headquarters in Colon and Chiriqui, after which they would take control of the country and establish a civilian-military junta.

The National Police has failed to prove the officers were involved in the plot, and the Attorney General's Office is pursuing the relevant investigations.

Minister Admits 'Errors' in Presidential Plot Case

PA1202164295 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Feb 95 p A-1

[Report by James Aparicio]

[FBIS Translated Text] Government and Justice Minister Raul Montenegro reiterated yesterday that a plot to kill

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President Ernesto Perez Balladares did in fact exist, but he recognized there "were errors" in the prosecution of the case.

"The information we have given out about the conspiracy is true. There were certain errors in the prosecution of the case," Montenegro said.

The government's intelligence organizations announced a month ago they had dismantled a plan to assassinate President Perez Balladares, his two vice presidents, and Montenegro himself.

According to Montenegro, the purpose of the plan, called "Action and Control," was to install a civilian-military junta.

Thirteen policemen, including six officers, have been released in the last few weeks for lack of evidence and were sent on vacation.

Montenegro said three officers will retire and the rest will be returned to the institution, "because we live in a constitutional state."

The Attorney General's Office, which acted cautiously with regard to the plot, did not carry out an automatic investigation of the case and just waited for the evidence submitted by the Government and Justice Ministry.

The Attorney General's Office did not question any of the civilians accused by the intelligence organizations and did not order arrests or take any legal action.

It is expected that the case will be closed in the next few weeks.

According to Montenegro, the security organizations were able to "dismantle" a plot to kill the president.

"If we had not acted swiftly they would have blown up a bridge and killed El Toro [Perez Balladares]," Montenegro said when referring to the alleged conspiracy.

Montenegro, however, said that some of the persons who were allegedly involved in the plot "have absolutely nothing to do" with the dismantled plot.

ARI President Mendoza Vows Not To Resign

PA1002170995 Panama City EL PANAMA AMERICA in Spanish 9 Feb 95 p 1

[Report by Carlos A. Cordero]

[FBIS Translated Text] Carlos A. Mendoza, speaking from the Presidency of the ARI [Interoceanic Region Authority] Board of Directors, yesterday said, "I will not resign," despite repeated requests for him to step down. He acknowledged that he obtained this political post thanks to the political clout he had with the previous government.

Meanwhile, legislator Olmedo Guillen accused Mendoza of being a "filibusterer" who is now occupying a post based on a political pact, not his abilities.

Meanwhile, ARI Administrator Jose Chen Barria said that so far there have been no formal requests to create the City of Knowledge, the Government Center, or any other project the president of the Republic has discussed in public.

"I have always acted on my own, and I will keep on doing this," Mendoza stressed after Guillen asked him to name the party he is now affiliated with.

Yesterday, for a second straight day, Mendoza participated in a seminar at the Legislative Assembly. Jose Chen Barria and Carlos Valencia, ARI administrator and deputy administrator, respectively, also took part in the seminar.

Meanwhile, Chen Barria yesterday recognized that Fernando Manfredo, the former Panama Canal administrator and acting president of the Papa Egoro Movement, is a member of the board of directors of one of the companies participating in the drafting of a general plan for the use of the reverted areas.

Felipe Rodriguez, the acting president of the APEDE [Panamanian Association of Business Executives], yesterday pointed out at the Legislative Assembly that the ARI has ceased functioning as a result of the current situation.

ARI Head Said To Succumb To Pressure From President

PA1202145695 Panama City LA PRENSA in Spanish 10 Feb 95 p 1A

[From the "As of Today" column]

[FBIS Translated Text] Many negative statements have been made about the Interoceanic Region Authority (ARI) with the intention of justifying the removal of its administrator, the appointment of a new Board of Directors, and the withdrawal of its relatively autonomous status granted by law. It is no secret that the ARI president has given in to pressure from the executive, becoming an inconsistent defender of reforming the legislation behind the institution whose independence and integrity he should be the first to defend.

It is true that the ARI has done very little to meet its responsibilities toward the reverted areas, but its current administrator should not be blamed for this because he was only appointed at the end of last August. A few days later, a new government, which was visibly annoyed by an appointment that went against its wishes, recruited the ARI president to gain full control of the institution. Since then, the ARI has been virtually paralyzed, the victim of a political scandal that dishonors Panama and its leaders.

It is ironic that the Panamanian president says he does not understand how the ARI was managed "with such incompetence," quoting the very expression used by several legislators to describe the ARI president's performance. As the old saying goes: "The devil pays with hell all those who serve him well."

MIVI To Sell Reverted Area Houses in Colon Province

PA1002161895 Panama City Telemetro Television Network in Spanish 1740 GMT 9 Feb 95

[From the "Telemetro Reports" newscast]

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[FBIS Translated Text] The Ministry of Housing [MIVI] has scheduled the sale of housing in Margarita and Curundu in Colon Province for mid-1995. According to the MIVI's report approximately 600 houses will be sold.

Housing Minister Francisco Sanchez Cadenas has said that this measure is an alternative for the development of these reverted areas.

[Begin Cardenas recording] The MIVI also is interested in this because the proceeds of these sales, these rents, will go to a special MIVI fund called the FEVIS [Special Housing Fund]. We can invest these funds to give the remaining citizens across the country a housing solution. [end recording]

Cardenas said the MIVI expects to receive $7.5 million from the Interoceanic Region Authority. If expectations are met, this amount could be doubled and could be used for further MIVI investments.

PDC President's Resignation Not To Affect Party

PA1002162095 Panama City Telemetro Television Network in Spanish 1730 GMT 9 Feb 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] Legislator Ruben Arosemena said that the resignation of Christian Democratic Party [PDC] President Raul Ossa will not affect the organization of that political party because he had previously expressed his desire to resign. Arosemena said that on many ocassions Ossa had to ask for a leave of absense for personal motives. His resignation does not mean his separation from the PDC board of directors.

[Begin Arosemena recording] A crisis has not occurred within the PDC. The resignation of PDC President Raul Ossa is strictly personal and due to his professional activities. We believe he has acted responsibly toward the party, because the PDC is currently being reorganized at the national level and we need the party leadership's full time service at this moment. [end recording]

On 19 February, the Board of Directors of the PDC will choose a new president from among the three PDC vice presidents. The new interim president will occupy the presidency until the National Convention in January of this year.

Preferential Trade Accord Signed With Colombia

PA1102023195 Panama City EL PANAMA AMERICA in Spanish 3 Feb 95 p e-14

[Article by Viodelda Barrias]

[FBIS Translated Text] Panama and Colombia signed a partial trade agreement to grant preferential treatment in terms of duties and other restrictions applied by each country on certain imported products.

Carlos Castanedas, international trade director of the Panamanian Institute for Foreign Trade, said the two governments concluded negotiations in early January in Cartagena de las Indias, Colombia.

The agreement establishes that the products must originate in the contracting parties' countries, which means that they can be natural or manufactured products with a certain national value added.

Castanedas said that in the first round of negotiations, at least 10 products from each country were included in the agreement. He added that the parties hope to expand the list in the future.

Castanedas said that Panama has a negative trade balance with respect to Colombia, which under normal circumstances could favor Colombia by approximately $30 to $40 million.

"It is hoped that this agreement will diminish the trade gap between the two countries," Castanedas said.

Castanedas said that the products included in the agreement will benefit from a percentage exoneration, which for Panamanian products will fluctuate from 20 to 80 percent.

The list of products includes Cuba Libre beverage, domestic rat poison for retail sale, mop handles, umbrellas, iron and steel caskets, aluminum beverage containers, and truck bodies for transporting nonperishable goods.

Colombian products will enjoy exemptions of about 45 percent. Negotiations were based on the premise that no product with a direct Panamanian or Colombian competitor would be included.

Castanedas explained: "This means Panamanian products benefiting from the agreement will be allowed into Colombia. Competing products produced in Colombia, however, will not benefit from the agreement. In exchange, the government offered Colombia the possibility to export products to Panama that Panama currently imports from third countries and does not produce itself."

Legislator: U.S. Cannot Try Pedro Miguel Gonzalez

PA1502032595 Panama City EL PANAMA AMERICA in Spanish 14 Feb 95 p 1

[Report by Carlos Anel Cordero]

[FBIS Translated Text] Gerardo Gonzalez, a legislator with the PRD [Democratic Revolutionary Party], said yesterday the United States cannot legally try someone for a crime committed in Panama; therefore, it cannot "take my son."

He said certain diplomats of the U.S. Embassy in Panama, in complicity with a group of agents of the Judicial Technical Police (PTJ), have created a "legal monstrosity" against his son, Pedro Miguel Gonzalez, and on its basis are now trying to extradite him for a crime he did not commit.

Gonzalez said neither the Panamanian nor U.S. authorities have notified his son's lawyers so far about the beginning of a criminal process on this case in the United States.

He said Panamanian laws are very clear and establish that any crime committed in the country must be tried by Panamanian judicial authorities.

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Nevertheless, he said he has learned through the media that a judicial process for the murder of U.S. soldier Zak Hernandez was opened in the United States in July 1992.

He added the Panamanian courts have no proof demonstrating Pedro Miguel's participation in the crime. According to the legislator, his son was at the university on the day and time of the crime, and this point can be proven.

Meanwhile, acting Foreign Minister Omar Jaen has said Pedro Miguel Gonzalez' case is a judicial matter about which the Foreign Ministry does not have to issue a statement.

Column Supports McCaffrey Assertions Regarding Canal

PA0902144995 Panama City EL SIGLO in Spanish 7 Feb 95 p 6

["Viewpoint" column by Alberto Barrera: "General McCaffrey's Statements"]

[FBIS Translated Text] The assertions made by U.S. Southern Command Commander General Barry R. McCaffrey are not far from the truth.

Anyone who attempts to refute them will be engaging in false and cheap nationalism.

Let us examine Gen. McCaffrey's statements in a passionless and objective manner:

"The United States spends $80 million on the Canal annually: $50 million on repairs and the rest on such minimal services as electricity and hot water.

"The Panamanian Government cannot spend that much money, unless it turns the Canal into a huge tourism area, a plan that is far behind and regarding which there are serious questions as to whether it can be operational before the year 2000."

I believe that Gen. McCaffrey's assertions are indisputable in view of the economic crisis that has constantly affected Panama, which is struggling to overcome a decline heightened by unemployment, the absence of sources of permanent employment, and low productivity.

Gen. McCaffrey has pointed out the "Panamanian authorities' inability to maintain the reverted buildings and cited as an example the building that housed the School of the Americas, which has been vandalized."

And I add that not only the building in question but most of the buildings on the Atlantic as well as the Pacific side are showing signs of deterioration.

Meanwhile, Foreign Minister Gabriel Lewis Galindo has very wisely said: "We do not want to receive the buildings until we have a specific use for them. It would be irresponsible of us to hasten the process at this time."

I identify with and support Foreign Minister Lewis Galindo, because I believe this position is the most appropriate for the new image that President Ernesto Perez Balladares' pro-conciliation administration is acquiring.

Editorial on Recent Canal Reversion Controversy

PA0902142395 Panama City EL PANAMA AMERICA in Spanish 7 Feb 95 p a-4

[Editorial: "The Panama Canal's Transfer"]

[FBIS Translated Text] The remarks by General Barry McCaffrey, chief of the U.S. Southern Command, regarding the transfer process of Panama Canal properties are extremely serious and neither coincidental nor inopportune. They came precisely when the Legislative Assembly is debating amendments to the ARI [Interoceanid Region Authority] Law that would place that entity under strict control of the executive branch, contradicting the principles that originally inspired experts from all local sectors who drafted it and who conceived it as an autonomous entity, free of influence peddling. Moreover, the remarks were made to one of the most influential newspapers in U.S. politics, THE WASHINGTON POST, the very moment an analysis is under way of the reports by U.S. representatives in our country on the bitter controversy that has arisen over control of the entity that handles all reverted areas, which are estimated to be worth 30 billion balboas.

They came less than 5 years before Panama takes full control over the running of the Panama Canal, when it becomes apparent the country is incapable of agreeing on the handling of a small proportion (15 percent) of the former Canal Zone that has been returned. Not even a general usage plan exists. The government, in clear evidence of ineptitude, has almost pleaded against accelerating the pace of the transfers.

Gen. McCaffrey went right to the heart when he cited as example the imposing buildings of the old School of the Americas and the railroad, without mentioning others, devoured by neglect. The yearly cost of maintaining those properties in the former Zone are estimated at $100 million. Panama has not been able to cover even part of it.

Let us not fool ourselves. Their concern is not really because of the reverted areas. The canal itself is what worries them most. And on this issue, McCaffrey is even more incisive. The project, he points outs, is more than 80 years old and is in urgent need of repairs and maintenance. Nearly $500 million are spent each year on upkeep and reconditioning under circumstances where canal operations barely covers rising expenditures.

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The solution does not lie with raising tariffs, since there are other transportation alternatives that currently compete with the canal, such as land transportation routes by containers through U.S. territory. The solution lies in maintaining the canal operating under conditions of utmost efficiency.

There are some individuals who are still unable to distinguish the connection between the ARI catastrophe and our approaching canal management. Furthermore, much less have they perceived that the reverted areas could become the banana peel that would serve as a justification for us not to receive the management of the canal.

Correction to ARI Bulletin on Transfer of Properties

PA0802180595

The following correction pertains to the item headlined "ARI Issues Bulletin on Transfer of Properties Used by U.S.," published in the 8 February Latin America DAILY REPORT, page 29:

Column one, third full paragraph, first sentence make read: Fort Espinar, covering 140 hectares...(correcting name of army base)

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Argentina

Menem Expresses 'Satisfaction' With Cease-Fire

PY1402134595 Buenos Aires TELAM in Spanish 1236 GMT 14 Feb 95

[FBIS Translated Text] Buenos Aires, 14 Feb (TELAM)—President Carlos Menem today expressed satisfaction over a decision by his Peruvian counterpart, Alberto Fujimori, to declare a cease-fire in the Peruvian conflict with Ecuador.

In remarks to Radio America, Menem said: "I talked to Fujimori last night and he told me that he would begin evacuating Peruvian troops, therefore, it is very possible that the observers from guarantor countries will begin to arrive."

Defense Minister on Military Budget, Peru-Ecuador Strife

PY1402190595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1504 GMT 12 Feb 95

[FBIS Translated Text] Buenos Aires, 12 Feb (NA)—Defense Minister Oscar Camilion noted that Argentina "does not have any offensive strategy with regard to third parties," but emphasized that there is "enough deterrent capability to repel an attack."

The defense minister admitted: "It is true that Argentina spends a very small portion of its GDP on defense, and is among the countries that spend least in the world. Nevertheless, we are also organizing a professional military service."

Concerning this new professional military service, Camilion said: "As soon as all the inconveniences arising from its implementation are overcome, a more efficient training system will be achieved, as we will have soldiers who will be professionals in their trade."

Concerning the conflict between Peru and Ecuador, Camilion indicated: "It serves as a lesson at the regional level, and it would be neither useful nor fair to remark scornfully that we are witnessing an anachronistic conflict." He emphasized that the disagreements between the two nations "must be resolved diplomatically."

In remarks to the newspaper PAGINA/12, the defense minister said: "I cannot believe in any way that at this moment there is a 'casus belli' between Peru and Ecuador, with due respect for the stances taken by the two countries."

With regard to a report issued by Peruvian authorities that Chile has sold weapons to Ecuador, Camilion emphasized that he is convinced that Chile "has not become involved at all" in the conflict. He especially ruled out the possibility that Chile had shipped weapons to Ecuador.

The defense minister added: "We know this has not happened merely because it is virtually impossible for an airplane to fly over various countries in our continent without being noticed."

OAS Head Optimistic About Peru-Ecuador Solution

PY1402124095 Buenos Aires LA NACION in Spanish 13 Feb 95 p 2

[Interview with OAS Secretary General Cesar Gaviria by LA NACION reporter Flavia Alemann in Buenos Aires on 12 February]

[FBIS Translated Text] OAS Secretary General Cesar Gaviria Trujillo arrived in Buenos Aires on 12 February on a four-day official visit. He expressed confidence that a peaceful solution to the conflict between Peru and Ecuador will soon be found.

Gaviria came to Buenos Aires to preside over the 26th Meeting of the Inter-American Council for Education, Science, and Culture. Having praised the endeavors by guarantor countries to find a definite settlement to the conflict, he told LA NACION that "it is incumbent upon the guarantor countries to solve this dispute."

Gaviria stated: "This conflict affects the relations we are trying to build in the Americas. Resorting to a military solution is like returning the past and refusing to acknowledge that we are living in a different era."

He added: "I hope the guarantors will help us find a solution. I believe they have worked quite conscientiously, seeking to get the parties to agree on a cease-fire that might become the starting point of a definite solution."

[Alemann] To reach a settlement, one of the two countries must yield, yet there is no such possibility on the horizon for now.

[Gaviria] I trust they will eventually find a way to settle their differences, as Argentina and Chile did.

[Alemann] Will negotiations continue at the OAS if diplomatic endeavors by the guarantor countries fail?

[Gaviria] I do not think that is the OAS role and I do not want that to happen because it will mean the guarantors have failed.

The role of the Inter-American system is to support rather than replace the guarantors' task.

[Alemann] What is the OAS role?

[Gaviria] The OAS has a clear and natural role concerning the cease-fire, namely to head off an escalation of the conflict and to encourage feuding countries to find a peaceful solution.

[Alemann] A cease-fire has not yet been declared.

[Gaviria] That is quite worrisome. Yet, quite sensibly, the guarantors are striving for a cease-fire that is not temporary, that can be verified by international observers, that entails a demilitarization of the area, that will ensure there will be no more clashes, and that may become an appropriate starting point for a definite solution.

[Alemann] And yet, nothing has yet been achieved.

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[Gaviria] Well, the guarantors have managed to get the parties to the negotiating table and to explore many possibilities for a settlement. I am sure the work of the guarantors has been quite useful.

[Alemann] When they come to the negotiating table, will they legalize what has been won in battle?

[Gaviria] I would not see it in that perspective. I believe that guarantors' endeavors will eventually yield fruit.

[Alemann] Do you think the conflict will be solved peacefully, that there will be a cease-fire?

[Gaviria] Yes, because I have seen that the two presidents want to achieve peace.

[Alemann] Why does the war continue then?

[Gaviria] Both governments have their hands tied by their countries' legal position. This notwithstanding, I am confident a solution will soon be found.

I believe one positive aspect is that this is the first time the mechanisms provided for in the Rio de Janeiro Protocol have been used and that both parties have abided by it. This is an important step forward.

[Alemann] Does the OAS concern itself with pending border conflicts in Latin America?

[Gaviria] Only in a limited manner. There will be a meeting in Santiago this year on measures the countries will take to promote mutual trust. Let us say in passing that this presupposes that the Americas are—or have been—a land of peace.

This will be a first attempt to prevent tensions and risks of disputes like the one between Peru and Ecuador.

What has happened in these countries is a challenge to our institutions to see whether we are able to surmount it.

[Alemann] That remains to be seen.

[Gaviria] Yes, that remains to be seen.

Government 'Will Not Push' Continental Glaciers Issue

PY1402191795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1139 GMT 2 Feb 95

[FBIS Translated Text] Calafate, Santa Cruz Province, 12 Feb (NA)—Foreign Minister Guido Di Tella said here that Argentina will not push for a congressional discussion of the agreement with Chile on the issue of the Continental Glaciers, adding that legislators will take up the matter "whenever they see fit to do so."

Di Tella made these remarks yesterday, in Calafate, where he is resting with his family.

Di Tella said the government is in no hurry to obtain rapid congressional approval of the agreement on the issue of the Continental Glaciers, signed by President Carlos Menem and then Chilean President Patricio Aylwin in 1991.

That year both heads of state signed an agreement establishing the border line in those southern territories. But now the agreement must be approved by the two countries' congresses.

"The danger of a request for arbitration has disappeared, because the term has become a dirty word in Chile," Di Tella said, in obvious reference to the decision on Laguna del Desierto.

Di Tella said the government "is not worried," adding that eventual congressional disapproval of the agreement on the Continental Glaciers "will not imply a step back in the two countries' bilateral relations" because they at a level "beyond these problems."

The foreign minister said he will not visit the Laguna del Desierto zone, which is located some 200 km west of this city. Spanish expert Rafael Mata Olmos and Foreign Ministry experts have already carried out the work prior to the actual marking of the borders recognized by the arbitration tribunal.

Di Tella said "markers were not placed, but the exact points where they must be built were identified, and this implies important progress."

The foreign minister concluded by saying that even though the issue before Congress "is very delicate," the government "will not push for a discussion of the issue, and legislators will be able to analyze it whenever they see fit to do so."

Vice Foreign Minister Backs Non-Proliferation Treaty

PY1402134495 Buenos Aires TELAM in Spanish 2229 GMT 10 Feb 95

[FBIS Translated Text] Washington, 10 Feb (TELAM-SNI)—Argentine Vice Foreign Minister Fernando Petrella today described the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as a mechanism that favors international security.

Diplomatic sources have reported that the vice foreign minister delivered a document, expressing support for the NPT, to the U.S. State Department.

Petrella emphasized "great satisfaction" at delivering the NPT ratification because, "by doing so, Argentina concludes a process that began in the mid-1980's when the Declaration of Foz de Iguazu was signed with Brazil."

With regard to the signing of the Declaration of Foz de Iguazu, Petrella said: "Argentina has clearly pursued a policy of non- proliferation of nuclear weapons, by establishing the Argentina/Brazil Control and Supervision Office [Oficina de Control y Supervision de Argentina/Brazil] and by ratifying the Tlatelolco Treaty."

The vice foreign minister also indicated that his country will participate in the NPT's Review and Extension Conference scheduled for April.

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Petrella also emphasized that the NPT "must not be viewed as a struggle between those countries that have nuclear weapons and those that have not."

The vice foreign minister added: "The NPT must not be interpreted as a limit on the transfer of technology for the peaceful use of nuclear energy."

Petrella believes the NPT merely represents "a common enterprise in favor of increased security for everyone."

Petrella underscored that the NPT represents an important step toward Argentina's full integration into the technological development world, within a legal framework that favors a dynamic exchange with the more advanced countries.

The Argentine Embassy also pointed out that Argentina's adherence to the NPT represents a significant step within the Argentine Government's foreign policy as it is determined to firmly contribute to the struggle against the proliferation of mass destruction weapons.

Petrella emphasized that the NPT rules do not prevent cooperation on peaceful nuclear activities among Argentina, the United Nations, the OAS, and International Atomic Energy Agency member countries.

Poll Puts Menem Ahead in Presidential Race

PY1502010995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1313 GMT 12 Feb 95

[FBIS Translated Text] Buenos Aires, 12 Feb (NA)—According to a survey conducted by a private consulting firm, President Carlos Menem leads his strongest adversary in the presidential race, Radical [Radical Civic Union, UCR] candidate Horacio Massaccesi, by nearly 15 percent. The elections will be held 14 May.

Also according to the survey, 40 percent of all citizens who are eligible to vote and have outstanding credit debts will give their vote to Menem.

The survey also concluded that a higher percentage of Menem supporters are men, while a higher percentage of UCR and Grand Front supporters are women.

The elections are only three months away, and Menem, the incumbent candidate, is preferred by 31.8 percent of those questioned, while Massaccesi has 17.1 percent support.

The Front for a Country in Solidarity (Frepaso) is in third place in popularity with 12.9 percent support. The Front has still not decided whether the ticket will be headed by Carlos "Chacho" Alvarez or Jose Octavio Bordon.

Modin [Movement for Independence and Dignity] is proposing Aldo Rico for president. Rico gets 3.9 percent support. The number of undecided voters is 22.5 percent.

The survey, conducted by the Public Opinion Study Center (CEOP) and which was published by a Buenos Aires newspaper, projects all the possible vote intentions for the Justicialist Party ticket headed by the president and his running mate Carlos Ruckauf, and comes out with almost 43 percent support. This percentage of support would give Menem the victory without a runoff.

Massaccesi, in turn, would obtain between 23 percent and 24 percent—counting a projection of undecided voters—and Frepaso would obtain 19 percent.

The study of data on the composition of vote intentions stressed the so-called installment vote, as 40 percent of those who said they would vote for Menem had taken out loans, CEOP reported.

A group of 37 percent of the total number of citizens who support Menem have contracted loans in pesos or dollars. A total of 14.8 percent of those who contracted loans prefer Massaccesi, and 9.9 percent prefer Frepaso.

The preference for the Justicialist ticket among those who do not have debts is smaller (25 percent).

The vote of those without debt is spread among the smallest parties: the UCR and Frepaso. These parties, then, have a lesser electoral potential in this area.

The survey interviewed 900 individuals in the Federal Capital, greater Buenos Aires, Cordoba, Santa Fe (Rosario), and Mendoza between 24 January and 2 February.

The breakdown by age shows that the Justicialist Party ticket headed by Menem is preferred by people older than 24 years of age in the higher and lower classes.

According to CEOP, people older than 50 years of age—particularly in the higher classes—prefer the UCR, while those younger than 25 and the middle classes constitute the bases for Frepaso's support.

The survey, conducted by the private consulting firm headed by Julio Aurelio, adds new information regarding electoral preferences by sex and region.

According to Aurelio's survey, a higher percentage of Menem supporters are men, while a higher percentage of UCR and Frepaso supporters are women.

The Justicialist Party is ahead with men as well as with women, but the lead of the Justicialist Party decreases when we consider women alone. The percentage of women supporters is higher for Frepaso and UCR.

Menem maintains the lead in all surveys, but this study also shows that the Justicialist Party is stronger in the interior (9 percent stronger). Support for the UCR and Frepaso is stronger in the Federal Capital than in the interior.

New Atomic Energy Commission Chairman Installed

PY1402154795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1854 GMT 10 Feb 95

[FBIS Translated Excerpt] Buenos Aires, 10 Feb (NA)—Endorsing the government's goal of privatizing power plants, Eduardo Santos, the new CNEA [National Commission for Atomic Energy] chairman, today emphasized: "The CNEA must reevaluate its activities and prepare for a second stage after successfully completing the first."

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Eduardo Bauza, the secretary general of the presidency, installed the new CNEA directorate chairman during a ceremony at Government House today.

The installation of Santos formalized the end of the CNEA intervention ordered by the national government last August as an initial step leading to the privatization of the nuclear plants.

Santos replaced CNEA trustee Guillermo Padin Zabal who was installed as CNEA head on 1 September. He replaced former CNEA directorate chairman Manuel Mondino.

Mondino's opposition to dividing the CNEA, separating nuclear research and production activities, caused his resignation and the CNEA's subsequent intervention. Nuclear power output will no longer be under the state's jurisdiction. [passage omitted]

The new directorate comprises outgoing CNEA trustee Padin Zabal, Agustin Blanco, Roberto Garcia Moritan, Jaime Pahissa, and Horacio Osuna.

Bolivia

President Denies U.S. Pressure in Narco-Links Case

PY1502124495 La Paz PRESENCIA in Spanish 24 Jan 95 p 7

[FBIS Translated Text] President Gonzalo Sanchez de Lozada said yesterday in Santa Cruz that no pressure is being exerted to try former president and MIR [Movement of the Revolutionary Left] leader Jaime Paz Zamora.

Asked about possible U.S. Embassy pressure regarding the narco-links case, the chief of state said: "No way; despite my (gringo) accent I am independent enough to maintain my country's personality and sovereignty. It is not easy, the pressure is great, but it is greater in the eradication (of coca) and in the search to reduce plantations and surplus coca. As for charges in the narco-links case, in Bolivia everyone is innocent until proven guilty; that is a characteristic of democracy."

He said the U.S. Embassy is concerned because coca plantations grow rather then shrink. In 1994 they increased by approximately 3 percent. He said: "We will continue our dialogue regarding drug trafficking with them (The United States) because we believe the more coca there is, the more cocaine there will be."

He added that the anti-drug policies would be the result of a consensus and explained that "repression for the sake of repression is not the solution."

Foreign Ministry Unaware of Ecuadoran Overflight Permit

PY1402230095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 14 Feb 95

[FBIS Translated Text] Deputy Foreign Minister Eduardo Trigo said today that the Bolivian Foreign Ministry did not participate in the decision to grant permission to an Ecuadoran military airplane to overfly national territory, and also did not receive any complaint from the Peruvian Government.

Trigo clarified that Peruvian officials had not complained to the Foreign Ministry over the permission granted by the Bolivian Air Force to its Ecuadoran counterpart.

Government Does Not Fear Social Upheaval

PY0902133095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 9 Feb 95

[Report by Carlos Telleria of the Bolivian Broadcasting Education System, ERBOL]

[FBIS Translated Text] The government has stressed that there will be no social upheaval in our country even though there is unrest in some sectors.

The workers that make up the Bolivian Labor Federation, for example, certainly do not like the 8-percent wage increase.

Civic Committees are also complaining about the government's economic policy, especially the co-participation in taxes.

Interior Under Secretary Hugo San Martin was asked if the government does fears a social upheaval.

[Begin San Martin recording] No, if we consider they only total 8,000 or 10,000 persons. Naturally 10,000 persons cannot cause an upheaval when one considers Bolivia has 7 million inhabitants.

The rules of democracy state that the only way the people can express their concerns is through elections. [end recording]

San Martin also indicated that the government will seek dialogue with all sectors in order to achieve agreements and consensus.

Correction to Ecuadoran President Makes 'Surprise' Stopover

PY0902143295

The following correction pertains to the item headlined "Ecuadorian President Makes 'Surprise' Stopover in Santa Cruz," published in the 9 February Latin America DAILY REPORT, page 29:

Column two, fifth paragraph, only sentence make read: ...that this does not mean the presence...(providing omitted word "not")

Brazil

Brazil Feeling 'Impact' From Argentine 'Financial Crisis'

PY1402214795 Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 Feb 95 p 13

[Report by Cristina Alves]

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[FBIS Translated Text] The Argentine financial crisis has forced the government to create aid mechanisms for the banks to prevent a general bankruptcy among financial institutions. The tension in Buenos Aires has had a great impact in Brazil, negatively affecting the stock exchanges, which yesterday closed with a 4.35 percent drop in Sao Paulo and 4.7 percent drop in Rio de Janeiro. At 1530 yesterday the stock exchange hit its worst moment: the drop was 7.64 percent on the open market and 9 percent on the futures market.

"Argentina comes next in the list of economic catastrophes ready to explode in Latin America," said Walker Todd, former Federal Reserve Board official, who yesterday went to Washington to explain to the U.S. Congress the danger of using the dollar stabilization fund to sustain a foreign currency.

Besides encouraging mergers between banks in Argentina, in order to stop the wave of bankruptcies Argentine Economy Minister Domingo Cavallo authorized the creation of a security network consisting of a $1.1 billion line of credit under the control of a government institution, the National Bank. President Carlos Menem asked investors to deposit their money only in banks with good reputations.

Argentine market sources guarantee that most of the deposits will mature in less than 60 days' time, and that since the beginning of the Mexican crisis, something between $1 and $1.5 billion have been withdrawn from Argentine banks. Another alternative, which has already been authorized by the Argentine Central Bank, is that the banks negotiate their loan portfolios with investment funds.

Tied Hands

The greatest difficulty for the Menem administration will be to prevent a collapse in the financial market. The government, however, has its hands tied, because it cannot use the dollars of its reserves nor issue pesos to save the banks, because that would represent the end of the Convertibility Plan.

The crisis in the Argentine financial system has become worse in the past few months because the banks borrowed money from investors to lend it to the provincial governments, which cannot roll over their debts, suffocating the system. With this, some banks are suggesting to the investors who want to withdraw their applications to withdraw only part of their money. This means that they are declaring a banking moratorium.

Argentine Central Bank President Roque Fernandez ruled out the news that a third of Argentine banks are allegedly on the verge of collapse. On the evening of 8 February, the Argentine Central Bank authorized the Basel Bank to suspend its operations for 30 days. The bank has $21 million worth of assets, according to Argentine market sources.

The Argentine stock exchange yesterday registered a 5.05 percent drop in the Merval index, the market thermometer, in a day full of rumors. Since 19 December losses have attained a 24.89 devaluation.

Drops

In Brazil there is also a panorama of losses: So far this year losses amount to [sentence not concluded, as published] The news that the U.S. Merrill Lynch brokerage firm downgraded the classification of Telebras [Brazilian Telecommunications, Inc.] shares when the government announced that the telecommunications monopoly would be made more flexible but that Telebras would not be privatized. At the worst moment in the stock exchange yesterday, Telebras shares dropped by 8.8 percent, and closed with a 4.41 percent drop. In Buenos Aires, the shares negotiated on the stock exchange also dropped. The prices of the shares of the Ipako petrochemical company shrunk by 7.3 percent, and those of Alpargatas by 4.5 percent.

One of the worrisome issues regarding Argentina is that it currently has nearly $13 billion in reserves and a current accounts (trade balance, foreign debt interests, and payment of debt service) deficit of $11.2 billion. This means that the deficit practically eats up the whole of the reserves. This deficit can be only be financed in two manners; either Argentina attracts foreign capital, or it uses its reserves, said Estevao Kopschitz, director of the Macrometrica consulting firm. As Argentina knows that it cannot waste its reserves, it began implementing a campaign to attract foreign investors.

When the Mexican crisis began, the Mexican current accounts deficit amounted to $30 billion, while its reserves amounted to $6 billion. Mexican reserves have currently dropped to $3 billion.

But what has cornered [preceding word in English] Mexico is that besides the fact that its deficit could not be covered with reserves, the country still had investors' applications equivalent to six times its volume of its dollar reserves. That is, Mexico clearly did not have the conditions to survive a wave of withdrawals. In the case of Argentina, the situation is not worrisome, because the volume of investment is hardly twice that of its reserves.

Mexico

In Washington, U.S. Treasury Secretary Robert Rubin said that the United States has still not finished negotiating with Mexico the terms of the financial aid package for it. Beside imposing "strict" conditions, the U.S. Government reserves for itself the right to unilaterally withdraw from the agreement. A little before Rubin made his statements, a group of experts meeting at the Heritage Foundation argued that any U.S. plan that demanded the Mexican oil exports as a collateral for the loan is "not applicable."

According to Rubin, the conditions the United States intends to impose are similar to those of IMF loans. They include disciplined monetary policy and more privatizations. "Strict conditions at this moment are appropriate to protect the integrity of our support for Mexico," said Rubin.

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Cardoso's 'Problems' With Ministers Examined

PY1502022095 Sao Paulo GAZETA MERCANTIL in Portuguese 10-12 Feb 95 p 6

[Article by Eliane Cantanhede]

[FBIS Translated Text] President Fernando Henrique Cardoso has more problems with his allies, and even with his own ministers, than with his opponents. This week alone he had to reprimand the ministers of justice, Nelson Jobim, and of education, Paulo Renato de Souza; he complained against the social communications system; he had to mediate in the disagreements among the economic team members over the tax reform; and he had to withstand the bad temper of Sao Paulo Governor Mario Covas.

Jobim annoyed the president and his cabinet colleagues for having sent the PT [Workers Party] a constitutional amendment proposal different from that which had been agreed upon with Communications Minister Sergio Motta. When pressured, Jobim said he had never sent the amendment proposal—which the PT disproved, by showing it had received a fax from the justice minister's office—and he ended up being forced to change the text of the amendment. On 8 February President Cardoso called Jobim to Planalto Palace, while his allies from various parties criticized Jobim's lack of "political ability."

Paulo Renato de Souza was responsible for the text of the speech President Cardoso read in his second address to the nation [on 7 February, when he launched the education plan] after his inauguration. Cardoso did not like the original speech written by Souza, so he phoned him to tell him: "Do you want me to speak of unimportant subjects on television? We need more concrete issues," he demanded. Little was modified in the final version of the speech, beyond mentioning the teachers' salaries.

On that same occasion the government communications system forgot that the speech was supposed to be transmitted on radio and television simultaneously. Television viewers could thus watch a video clip in color, while those who listened to the radio version could not understand it.

As for the tax reform, a consensus on which is becoming increasingly distant among his cabinet members, Cardoso adopted a more radical position: He restricted the discussions to his first line ministers, that is, to those closer to him, and he practically left out the technocrats. The tax reform, which has always been voiced as essential for the government's success, will have to be left for afterwards.

In the case of Sao Paulo Governor Mario Covas, the problem was generated by Finance Minister Pedro Malan and Central Bank President Persio Arida. Malan reacted as a bureaucrat when discussing with Covas a Treasury guarantee to contract foreign loans for the Tiete River dredging works and for public works projects in the Sao Paulo smaller river basins. Alleging that Sao Paulo State was on the list of delinquent debtors, Malan resorted to a polite formula: "I will study the petition." Arida, in turn, is being accused of leaking to the media that Banespa [Sao Paulo State Bank] would be privatized. Covas, who dislikes this solution, reacted by canceling a dinner with the president of the Republic scheduled for 7 February.

Government Seeks To Ease Monopolies in Oil, Other Areas

PY1502005895 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 14 Feb 95

[FBIS Translated Text] The easing of monopolies will be among the first constitutional amendments to be proposed by the government to Congress. Companies other than Petrobras [Brazilian Petroleum Corporation] will be allowed to exploit oil and its byproducts. These proposals were submitted today to the government's Political Council.

The proposal describes as Brazilian any company having its office and administration based in Brazil, even if the capital comes from abroad. Those companies conforming to this new definition will thus be able to exploit minerals and water resources to generate energy, areas in which no foreign investments have been allowed so far.

Other proposals recommend that private companies be allowed to obtain franchises in the area of telecommunications. State governments may also grant franchises to local companies to supply cooking gas through pipelines to Brazilian homes. Foreign ships will also be able to transport Brazilian products.

The Petrobras monopoly will be broken in three ways: through joint ventures, which is a form of partnership with private companies for supplying services such as refining; through risk contracts, for the prospecting of oil; and through the opening up of maritime transport to other companies.

Justice Minister Nelson Jobim said that all these measures will have an immediate effect: the creation of jobs.

[Begin Jobim recording] The important thing is that, in acquiring goods and services, preference be given to those goods and services manufactured and produced in Brazil. Goods manufactured in Brazil and services rendered in Brazil represent the creation of new jobs. [end recording]

Colombia

Government Announces Aid Plan for Earthquake Victims

PA1302151995 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 9 Feb 95

[FBIS Translated Text] The government has announced that 2 billion pesos in subsidies will be earmarked for the reconstruction of homes in Pereira. Soft loans will be made available, and supplies are being sent to the affected areas.

Within a month, the INURBE [National Urban Reform Institute] will allocate subsidies for the reconstruction and purchase of homes in the affected area. The [earthquake] victims will not be required to provide collateral or a mortgage.

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Economic Development Minister Rodrigo Marin had this to say:

[Begin Marin recording] It is a special fund which will give priority to victims and will expedite administrative procedures in order to assist the unfortunate victims of the earthquake. [end recording]

The Idema [Agricultural-Livestock Marketing Institute] will initially distribute 3,500 bags of supplies. The Industrial Development Institute, through Banco Popular, will lend more than 2 billion pesos to businessmen who suffered total losses; the Farming Bank [Caja Agraria] will refinance the debts of coffee growers affected by the earthquake; and Banco de Comercio Exterior will provide 1 billion pesos in loans to industrialists who are unable to meet their commitments abroad because of the earthquake.

The Disaster Prevention and Relief Office [Oficina de Prevencion y Atencion de Desastres] has just submitted a general statement on the damages resulting from yesterday's earthquake: Thirty-four municipalities in five departments were affected. There were 35 deaths, and 281 people were injured and hospitalized at several medical centers in the area. Two other persons have disappeared in Pereira, bringing the total number of victims to 3,748. One hundred homes were completely destroyed, and 594 were seriously damaged. Two highways, 10 schools, and 45 community centers and public buildings were also affected by the earthquake. So far there have been more than 150 aftershocks of less than 3 degrees.

6.5 Billion in Social Spending for Caqueta

95CA0113A Santa Fe de Bogota EL TIEMPO in Spanish 2 Feb 95 p 7A

[Article by special correspondent Bibiana Mercado]

[FBIS Translated Text] Florencia—A total of 70,000 Caqueta residents living in a state of poverty will receive priority attention from the State, through an appropriation of 6.577 billion pesos, budgeted for 1995.

The funds will be channeled through the Social Solidarity Network, inaugurated in this city yesterday by the program's departmental board. This is a system for concerted community action to determine the priorities in the social investment area.

As was announced by the Network's manager, Eduardo Diaz Uribe, of the total budget appropriation, 3.192 billion pesos have already been assured, and will be directed toward employment and housing programs in particular.

The total amount for this year will be distributed as follows: urban employment, 756 million pesos; rural employment, 672 million; housing subsidy and improvement, 3.64 billion; mother and infant care, 444 million; food bonus, 291 million; rural pre-school and school bonus, 27 million; assistance to female heads of household, 59 million; recreation, 51 million; and programs for the aged, 634 million pesos.

One of the main topics at the meeting, which was attended by national, departmental, and local authorities, was the eradication of illicit crops.

Fernando Sarmiento, a settler who attended the forum, representing the El Caguan community, a region especially sensitive to this issue, said that the farm workers have made a commitment not to grow a single coca plant if the government provides a solution for legalizing land: the main obstacle to their acquiring bank credit.

The region's peasants emphasized the need for the Florencia-Suasa highway, feeder roads, assurance for the marketing of substitute products, and technical training for farm workers.

The director of the Alternative Development Plan, Hector Moreno, for his part, claimed that the government lacks a clear view of the situation.

He commented: "It is not a matter of replacing illicit crops with licit ones that would offer the same profitability. It is not a matter of competing, but rather of translating the substitution into moral and economic well-being for the community."

In this area, cultivating a hectare of coca generates income totaling 1.2 million pesos for the farm worker. Each hectare produces approximately 2 kg of coca.

A hectare planted with corn yields nearly 20 loads, each at the rate of 20,000 pesos.

The government and the peasants agree that a product must be sought that will bring at least half the income produced by the coca crop: like rubber, for example. And, in this case, the government would have to offer short-term economic alternatives, because it takes 10 years to produce rubber.

More on Alleged Cartel Phone Tapping Efforts

95WD0185Z Santa Fe de Bogota EL ESPECTADOR in Spanish 6 Feb 95 p 8A

[Article by staff writer Julia Navarrete M.]

[FBIS Translated Text] Santa Fe de Bogota—The Cali Cartel baffled the security agencies when it was found to be using the most sophisticated technology existing in the world to jam and tap the State agencies' communications from exchanges such as that of the Cali Telephone Company.

EL ESPECTADOR established the fact that, during one of the latest searches conducted by the Special Joint Command at one of the properties of the identified drug trafficker, Jose Santacruz Londono, "a mysterious device" was discovered. With its use, the incoming and outgoing calls of the police, the DAS [Administrative Department of Security], the Prosecutor General's Office, the Army, and other State agencies were being monitored and recorded.

Israeli Technology

It was learned that the device is a "recorder-phone-corde" [as published] of Israeli manufacture, similar to a data base,

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making it possible to record the location of the phone from which a call originates, the frequency, and the exact number. The device allowed monitoring of calls and tapping of the phone from which they were being made, unnoticed by the user.

After its discovery, the authorities had it examined by experts, who tentatively determined that it also had access to the memory of the Cali telephone system.

The device has a large capacity memory, which could not be decoded by Colombia's most renowned experts in the field of communications technology, because it apparently is the latest invention produced in that field.

This is not the first time that the drug traffic's connection with Israelis has been proven, because organizations in that country have been providing technical and operational advice to the mafia since the appearance of paramilitary groups in the Middle Magdalena region.

Classified Material

After several investigations by the Prosecutor General's Office and the Defense Ministry, it was explained that this is a "restricted sale" communications system, which may only be sold by one government to another.

In view of the difficulty in decoding the memory of the "mysterious device," the Colombian authorities decided to send it to the United States, so that professionals there who are experts on the subject of communications could perform the expensive work.

Nevertheless, it is still unknown whether the results were returned to Colombia along with the device because, when inquiries are made at various State agencies, all the employees respond that this information is being kept strictly confidential.

It was also learned that the authorities are seeking another similar device, apparently still being operated to tap phones in the main State security agencies, as well as in ministries and on private lines in Cali, Bogota, and Medellin.

For this reason, last Friday searches were made at the Cali Telephone Company and in other offices where it has been confirmed that a large number of lines have been tapped, or "bugged" by government employees themselves, bribed by drug traffickers.

Botero's Meeting With Officers Called 'Tense'

95CA0111A Santa Fe de Bogota EL TIEMPO in Spanish 2 Feb 95 pp 1, 8A

[FBIS Translated Text] A deep concern and unrest occurred in the Armed Forces on the occasion of the government's decision to dismiss Lieutenant Colonel Alirio Antonio Uruena Jaramillo, after the commission investigating the deaths of 107 persons in Trujillo (Valle) during 1990 identified him as a participant in these incidents.

The military high commanders expressed their dissent regarding this measure at a meeting with Defense Minister Fernando Botero. Both the Military Forces' commander, General Camilo Zuniga, and the Army's commander, Harold Bedoya, with the solidarity of 30 generals, maintained that Colonel Uruena, with a brilliant service record, had already been acquitted by five authorities, both penal and disciplinary, and hence did not deserve such punishment.

Nevertheless, after two and a half hours of tense discussion, Botero informed the generals that the decision had been made: Lieutenant Colonel Uruena Jaramillo would be removed from the Army.

The recall of Uruena Jaramillo from duty became the first drastic decision made by the government since Tuesday, when President Samper admitted the State's responsibility in the massacre and the unreliability of the investigation of the incident.

Uruena, who held the rank of major and was chief of operations of the Palace de Buga Battalion when the deaths occurred, is the only Army officer for whom the commission investigating the incidents in Trujillo claims there is evidence of participation in the massacre.

The decision was announced publicly by the defense minister at the conclusion of a special meeting of the General's Advisory Board in which over 45 generals and admirals from the Armed Forces' four branches participated.

According to some of the attendees, the generals' meeting with Botero was the first really tense one between the minister and the military commanders since Botero took office.

The positions assumed by the minister and the military were obviously confrontational, and this was known to the attendees even before the meeting began.

In fact, on Tuesday afternoon, following the official announcement of the report's contents, the department chiefs of the Military Forces General Command met. They broached the possibility that the meeting called by Botero might be for the purpose of giving notice of Colonel Uruena's dismissal. All expressed opposition to that option.

In their view, discharge from the service represented an obvious disregard for the Colombian justice system, which had already acquitted the officer. They also posed the question of what would happen if, at the conclusion of the new proceedings, Uruena were to be acquitted again. According to the Army commanders, this was not a personal matter involving Colonel Uruena alone, but rather one of concern to the entire military institution.

However, the meeting ended with their conviction that they could do nothing more than voice their objections to Minister Botero.

At 8:30 yesterday morning, the Advisory Board's session opened. An officer was appointed to read the executive summary of the report from the commission that investigated the Trujillo incidents.

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Next, there were remarks from Major General Raul Rojas Cubillos, inspector general of the Military Forces, who was a member of the the commission. Rojas confined himself to reiterating that the commission had found sufficient evidence of Uruena's participation in these deaths.

The police inspector, General Carlos Alberto Pulido Barrantes, also a member of the commission, took the floor, commenting on the manner in which some of the testimony was obtained.

Pulido said that some of the witnesses are out of the country, and that their statements were taken several months ago, or even shortly after the massacre occurred. Hence, he noted, it would be virtually impossible to verify their authenticity again.

Then the debate was opened. The first thing discussed was Uruena's brilliant service record. A prominent general from the Military Forces declared that this should be the principal criterion for evaluating Uruena.

Another general spoke, giving a very clear reminder that the officer had already been acquitted by the common and criminal justice system, and by the Attorney General's Office. He remarked that dismissing him would mean making a mockery of justice and setting a disastrous precedent. Furthermore, it would discourage the troops.

Over 30 generals supported him. They even questioned the coercive power of the commission that investigated the massacre, asking: "What legal effects does a commission of this type have?" One general, upon being queried by EL TIEMPO about the decision, asked: "What if this becomes a habit, and we have to answer not only to the Colombian justice system, but to the international one as well?"

Most of the generals agreed that Uruena's dismissal bordered on highhandedness. The minister, for his part, stressed how improper it would be to keep Uruena in the Army, when the government had already admitted the State's responsibility. According to Botero, the country's future was involved.

Then several generals made further statements, claiming that the most expedient course of action appeared to underlie the decision.

Others, however, immediately asked what would happen to Uruena's superiors. Botero dispelled the generals' doubts, stating that, for the present, the only one declared responsible by the commission was Colonel Uruena.

The discussion remained as tense as when it began, even when the minister announced the government's decision. There was no other alternative: contrary to the opinion expressed by the military commanders, Colonel Uruena gave up his uniform as of yesterday.

This discussion explains the terms in which Botero issued the press communique in which he announced Uruena's discharge: "At the end of the meeting (the communique stated), the national defense minister notified the distinguished attendees of the decision to make use of his discretionary power to recall Army Colonel Alirio Antonio Uruena Jaramillo from duty."

The decision cannot be reversed, although the impression was left among the military commanders that this is a bad precedent for the Armed Forces of Colombia.

Military Concerns Over Trujillo Ruling Viewed

95CA0118A Santa Fe de Bogota EL TIEMPO in Spanish 6 Feb 95 p 15A

[FBIS Translated Text] The government's decision to discharge the now Lieutenant Colonel Alirio Antonio Uruena Jaramillo from active duty because of the gory incidents in Trujillo ending in the murders of 107 persons is, in the view of both active and retired members of the military, a serious precedent affecting the credibility of the Colombian justice system itself.

According to some officers and ex-officers, aside from the Uruena case per se and what some of the military interpret as a campaign on the part of non-governmental organizations to discredit the military class, there is the dilemma of whether, in the future, judgments and decisions on the removal of members of the Armed Forces will be originating abroad.

Besides the debate on whether Uruena alone participated in the massacre, whether he really participated, or whether more members of the military were involved in the violent acts in Trujillo during 1990, what is being discussed now is the efficiency of the Colombian judicial branch, its credibility, and its legitimacy.

Uruena was judged by the Common Courts, the Military Penal Courts, and the Attorney General's Office, and in all three jurisdictions he was acquitted of all the charges. Therefore, ever since the commission's official report was released, the military have insisted that it would be unjust to dismiss Uruena and, consequently, to disregard outright the decisions made by the justice system.

However, the decision had virtually been made. In fact, the meeting held last Wednesday was not a normal session of the Generals' Advisory Board: first, because special invitations were tendered to police generals, and second, because there was no voting, nor deliberation. The generals simply explained that they were opposed to Uruena's removal, and the government announced the decision to recall the officer from duty.

Once the decision was made public, some members of the military severely questioned the effect that the action of non-governmental organizations abroad is beginning to have.

The military are not unaware that some of those charges could have solid grounds. However, they question the fact that the government has never been allowed to respond to the accusations nor to make use of the right to defense.

And What About Justice?

One Army officer gave as an example of this "lobbying" on the part of the NGO [non-governmental organizations] the

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calling of the European Conference on Human Rights in Colombia, which will take place in Brussels this week. He claims that the participation to be granted to the Colombian Government will be much less than that accorded to the accusers. In the item on the agenda for the session relating to the government, there even appears the notation "attendance unconfirmed."

However, both officers on duty and those retired observe that this is not just a matter of what the members of the Armed Forces might think or feel. This case also sets a precedent in the history of the investigations conducted against agents of the State.

After three State agencies had reached the same conclusion: that agents of the State bore no responsibility for the Trujillo massacre, the government encountered pressure from non-governmental entities to to have those proceedings reviewed.

In fact, that is what was done, with a tacit recognition for the questions that apparently remained concerning the investigations conducted by the Attorney General's Office, the covert court, and the Military Penal Court. It was a real disaster, judging from the commission's report.

Nevertheless, there are also some who claim that the commission's findings were contrary to those of the three official entities because of the international pressure, and owing to the Colombian Government's desire to show results in the investigations of human rights violations.

For the present (and it is this point that worries some of the military), the fact is that the Uruena case opens up the possibility that future decisions of inspection and judicial agencies may be subjected to examination by non-governmental, usually foreign, entities possessing sufficient capacity to scrap those findings.

In the view of some experts, this is both good and bad. It is good because, from now on, the government agencies will have to be more stringent in their investigations and more careful about the decisions handed down.

And it is bad because they might go from one extreme to another: that is, from producing verdicts without sufficient evidential stringency to issuing decisions under pressure. In other words, we run the risk of prompting investigative agencies to issue verdicts based on expediency to avoid future examining commissions and discreditation.

In the Trujillo case, for example, the commission formed by the government gives the impression in its final report that the Military Penal Court, the covert court, and the Attorney General's Office were more concerned about discrediting the testimony of a special witness than about arriving at the truth.

[Box, p 15A]

Permanent Dissent?

In the country's recent history, only the episode involving General Jesus Armando Arias Cabrales' dismissal has caused so much upheaval among the military.

Arias was discharged by the government at the request of the Attorney General's Office on 9 April of last year, because he was declared responsible for disciplinary faults in the execution of the operation to occupy and evacuate the Palace of Justice in November 1985.

That same day, General Arias declared that he wanted no pardons, preferring dismissal; and the government claimed that, although the general had done his duty, the decision of the Attorney General's Office had to be obeyed.

However, what was immediately generated was an unconcealable unrest among the Military Forces, which included a reaction against all decisions of the Attorney General's Office.

Now, with the case involving Colonel Uruena, the unrest among the military is evident again, due to this type of decision, which is even being questioned for its possible political motivation.

Ecuador

Government To Adjust 1995 Economic Program

PA1502011795 Quito Voz de los Andes in Spanish 2357 GMT 14 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Government has announced that it will adjust its 1995 economic program despite earlier assurances that the border conflict with Peru would not alter its goals.

According to Monetary Board President Ana Lucia Armijo, Ecuador has a quarterly economic program with the IMF, but because of the armed conflict, its goals and objectives must be altered. Armijo explained that the economic program's modifications will be examined jointly with an IMF mission that is scheduled to arrive in Ecuador in March.

The 1995 economic program contemplates a growth rate of between 4 and 5 percent, inflation of between 15 and 17 percent, and a surplus of 0.5 percent of the GDP.

Armijo explained that the economic program will be adjusted following an examination of the repercussions of higher interest rates on foreign investments, the flow of capital that would have entered the country, and the productive apparatus.

Duran-Ballen Discusses Peruvian Cease-Fire

PA1502030395 Quito Voz de los Andes in Spanish 0130 GMT 15 Feb 95

[Address to the nation by President Sixto Duran-Ballen in Quito—live]

[FBIS Translated Text] Good evening, fellow citizens. We have not taken a step backward. The firm national unity, the courage, the moral strength, the determination of our Armed Forces, and the justice of our cause have prevented our borders from being violated once again by foreign aggression. Thanks to this indestructible spirit, we maintain intact our Ecuadoran detachments of Tihuinza,

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Condor Mirador, Cueva de los Tayos, Base Sur, Coangos, Teniente Ortiz, Soldado Monge, and Etza, symbols of our historic dignity. All of them remain in Ecuadoran hands.

This reaffirmation of our sovereignty must fill us with pride but also with humility, consolidating our pacifist spirit, the moral meaning of our collective conduct, and our unyielding determination to defend our historic and territorial legacy with honor and courage.

On 9 and 11 January, and with greater intensity on 26 January, Peru attacked detachments that are unquestionably Ecuadoran in an attempted territorial expansion that no longer has any place in a world based on principles of respect for democracy, human rights, and individual and collective freedoms.

The Peruvian Government has decided on a cease-fire, which had already been accepted by Ecuador many days ago and which was insistently and vehemently requested by the guarantor countries and all the friendly governments concerned about this unjust aggression in our continent.

As a man of peace, as your president, as the president of a peaceful country and people, I hope this cease-fire will be sincere. Ecuador has not attacked nor will it attack anyone, but we will remain vigilant. That is our obligation to a people who with generosity have trusted their Armed Forces and government. That is why, Ecuador on this occasion solemnly invites the guarantor countries to continue assisting us. In a concrete manner, our country offers all the conditions and guarantees for a mixed commission of civilians and military from the guarantor countries to visit the sites of the events, remain in them, and observe the truth, honesty, and virtue of the Ecuadoran position. I hope Peru will not reject this mission of peace and goodwill from the four countries involved.

This mission is urgent to observe that far from continuing to concentrate forces, there will be a gradual demobilization. However, remembering our painful history, we must be alert to prevent its repetition and to prevent aggression from again being used with the pretext that our side has allegedly broken the cease-fire.

Although the guarantor countries have a special obligation in this regard, I want to warn that our Armed Forces will remain alert and that our united people will be behind them.

I also want to thank his holiness the pope, who sent us an anxious message in favor of peace. I want to express thanks for the skillful and opportune efforts of OAS Secretary General Cesar Gaviria and the presidents of Venezuela, Colombia, Bolivia, Uruguay, Paraguay, Panama, Mexico, and Central America, who have always been concerned about the reestablishment of peace.

My special gratitude goes to the Armed Forces, which have given proven their maturity, professionalism, exemplary behavior, and love for the fatherland. To those who have fallen during this unfair and treacherous aggression and to the orphans and widows of this war adventure from our southern neighbor, I convey my affection, and that of the Ecuadoran people. Likewise, I would like to acknowledge the Ecuadoran political leaders, the political parties, the former presidents, and vice presidents, who with particular generosity decided to set aside their differences and draw closer together when the fatherland was attacked.

My countrymen, we have lived through days when our national sovereignty, our territory, and the lives of our brothers have been severely threatened. The entire fatherland was in jeopardy. Nevertheless, Ecuador has been able to stand tall in the face of adversity. The country has been able to prove its extraordinary capacity for peace and unity.

My fellow countrymen, we have experienced moments of intense national unity, a historical and commendable attitude of which everyone, absolutely everyone should feel proud and touched. Allow me, my countrymen, to express to you tonight my heartfelt emotion and pride in being your president. In these past few days of tension and pain, a new Ecuador was born among us. A new country arose, which courageously and with dignity told the world that in the face of aggression and threats, it remains steadfast, determined to have its rights respected, and to have its truth heard.

My countrymen, our extraordinary determination and courage have allowed us to defend and maintain our positions along the border with honor. It has also allowed us to prove to the world our definite unity and solidarity. That Ecuador, transformed into a single will and a single banner, is the country we need to march together along the path of peace, development, and wellbeing. Ecuador was able to have its voice heard. A worthy, courageous, and honest voice, supported by the unstoppable force of truth. The patriotic undertaking carried out by the national media and the extraordinary effort of the foreign journalists allowed us to broadcast the reality of the conflict to the entire world. Today, once again, they have returned to the conflict zone to ascertain that what we are saying is the truth. Truth then, is our best guarantee.

These have been difficult days. We have responded as a country that can now feel confidence in its future, a future we must all face with a renewed national spirit, because we have been able to prove that united we can overcome adversity. My countrymen, let us remain this way; strongly united. Let us make work, effort, and will, the driving force to attain our development. Let us show the world that we are a country of peace and work, a country that bases its future on democracy, respect for the rights of the individual, on freedom of expression, a country which, because of its history, and its present, wants peace with dignity.

At this time, I would like to share with you and the nations of America, a prayer by the Ecuadoran and Peruvian Bishops Conference which says: Let the bloodshed between our nations cease immediately. Let dialogue substitute for violence. Lord, help us to foster the growth of solidarity between our nations, which is critical for a more worthy live, especially to the poor. Let us, Peruvians and Ecuadorans, brothers of Jesus Christ, commit ourselves to work before your eyes for the genuine progress of our people.

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Lord, guide your rulers, so that we may find paths leading to lasting peace, based on justice. So be it, my countrymen. Good night.

Armed Forces Not To Allow Attack by Peruvian Troops

PA1502052095 Paris AFP in Spanish 0321 GMT 15 Feb 95

[Text of Communique No. 29 issued by the Ecuadoran Armed Forces Joint Command in Quito on 14 February]

[FBIS Translated Text] 1. Upon becoming aware of official Communique No. 007 issued today by the Joint Command of the Peruvian Armed Forces announcing the demobilization of its naval and armored units from the international political border and accusations that the Ecuadoran forces have carried out artillery fire from Coangos-Banderas and Condor Mirador as of 1330 hours, in a clear attempt to present Ecuador as an aggressor nation unwilling to accept the cease-fire, the same that was proposed by Ecuador on 31 January of the current year, this command once again rejects those events. In addition, it alerts the guarantor countries of the mobilization taking place at this time in the 3d Military Region bordering with Chile by two motorized infantry battalions and units of Armored Division No. 3 and 6, which are headed toward the border with our country.

2. National and foreign journalists were able to travel to the conflict zone on this day, upon an invitation by the government. These same journalists were able to objectively determine that our posts are still under the control of the Ecuadoran Armed forces and categorically refute statements on the Peruvian forces having been subjected to artillery fire.

3. The Armed Forces Joint Command reiterates its firm determination not to allow, based on the justifications of the unilateral cease-fire, an attack and the deployment of Peruvian troops through the sector in conflict, while waiting for the international observers from the guarantor countries to verify the start of a concrete cease-fire. For this reason, it is critical for Peru to affirm its announced disposition by signing the documents proposed during the meeting in Brasilia, in accordance with numeral 3 of the resolution issued today by those representatives.

Minister: Tihuinza Still Under Ecuadoran Control

PA1402235495 Madrid EFE in Spanish 2032 GMT 14 Feb 95

[FBIS Translated Text] Patuca (Ecuador), 14 Feb (EFE)—Ecuadoran Defense Minister General Jose Gallardo said today Tihuinza is still under the control of Ecuadoran troops, the reason why the statements by Peruvian President Alberto Fujimori are "inexplicable."

According to Gallardo, the Ecuadoran Armed Forces [FAE] still control Tihuinza, Cueva de los Tayos, Coangos, Base Sur, Condor Mirador, and the positions occupied by the Ecuadoran soldiers "are tighter" than before.

The minister made these statements in Patuca, Ecuador's military operations base since this past 26 January when clashes with Peru broke out along the border between both nations.

The FAE shuttled nearly 50 national and international journalists from Quito to Patuca today and escorted them to Tihuinza in small groups in order to prove that the post is still under Ecuadoran control.

"We have not moved from here," and "we will not attack if we are not attacked," Gallardo said in reference to the unilateral cease-fire which Fujimori declared on 13 February.

Gallardo declared he would rather not "comment on political issues" because he would not like to "hurt the Peruvian people, its government, or the Armed Forces, with one single word."

General Francisco Moncayo, land operations commander, has said the "southeastern region under the responsibility of the 12th Jungle Brigade, which is commanded by Colonel Jose Grijalda, is stilling maintaining all its positions."

Moncayo added "all the Ecuadoran bases are located along the Cenepa River, on the western as well as the eastern banks, and we maintain total control of the area."

Nevertheless, he said, "there are Peruvian troops along the eastern bank who have been able to infiltrate but have been controlled."

Throughout today, 14 February, "there have been no air attacks by Peru or any other major operation. We have only been able to detect Peruvian patrols moving toward Tihuinza on foot, but we have control of all passages used by Peruvians to infiltrate."

Moncayo has cautioned the journalists who have traveled to Patuca invited by the FAE and the Ecuadoran Government to corroborate the situation in Tihuinza that "anyone who wishes to go will do so on his own responsibility and only in groups of three."

The military officer has said he is not "certain all troops in the front are under control, the reason he why does want to risk taking a large group of journalists."

He has also warned the journalists who traveleld to Tihuinza that "they will not see any buildings, not even an Ecuadoran flag, because they could be used as a reference point for an enemy attack."

Moncayo added that Tihuinza as well as Cueva de los Tayos, Base Sur, Coangos, and Condor Mirador "are not permanent posts but, rather, logistic sites for resupplying."

The general has said "there are no winners in this war, simply dead Latin American brothers. A war has no winners; it is a tragedy."

After 19 days of fighting along the Amazon border between Ecuador and Peru, the Peruvian president said on 13 February that his troops had expelled all Ecuadoreans from

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Tihuinza and that he has declared a unilateral cease-fire as of 12:00 local (1700 GMT) today, 14 February.

The Ecuadoran Government implicitly accepted the cease-fire by stating its forces will not attack as long as they are not attacked. Ecuador had rejected, however, that Peru had taken over Tihuinza and other posts which Fujimori now says are under Peruvian control.

Army Takes Reporters to Tihuinza

PA1502040695 Paris AFP in Spanish 0151 GMT 14 Feb 95

[By Rodrigo Jacome]

[FBIS Translated Text] Tihuinza, Ecuador, 14 Feb (AFP)—Journalists and foreign correspondents were able to confirm this Tuesday that the Tihuinza and Coangos military detachments remain under the control of Ecuadoran soldiers.

The Ecuadoran tricolor waves on the summit where an unspecified number of soldiers wearing fatigues received the reporters who were brought from Quito and Macas to verify the sovereignty in Tihuinza.

"Coangos, Base Sur, and Cueva de Tayos are also under the control of the Ecuadoran Army despite persistent attacks by Peruvian troops," an officer said.

Reporters were taken in groups of 10, along with delegates of human rights organizations and the International Red Cross.

They had to land in El Maizal, a Tihuinza location and walk in the soft mud, which reached the sides of rubber boots. They also crossed some streams.

Colonel Hernandez, his face covered with camouflage paint, explained that "we have the entire area covered," adding that "our base has been attacked with artillery fire, but we remain here."

Late in the afternoon, the Sixto Duran-Ballen administration's goal had been achieved. It had shown to the world that Peruvian President Alberto Fujimori's statements were not true and that when he said that Tihuinza had fallen into the control of the Peruvian forces, he was lying.

For the journalists, it was clear that in the mountainous area there are some lost Peruvian soldiers who, without communications with their bases, are unaware that the two governments on Monday agreed on a cease-fire that went into force at noon on Tuesday.

The report of the officer in charge of the Tihuinza detachment to his immediate superior was: "There is nothing new."

"We know there are some Peruvian patrols that have infiltrated but we know that we have them under control," the officer, whose face showed the effects of the humid heat of the jungle, said.

The AFP correspondent arrived in Tihuinza along with five other reporters and one television cameraman guided by expert guides. At that moment, other sweaty, anxious, and tired reporters arrived from Coangos detachment. "We have to wait for those coming from Cueva de los Tayos and Base Sur," an officer said.

While the reporters exchanged information and recounted their recent experiences, a soldier took off his hat, commenting: "There were many clashes here and my lieutenant downed a Peruvian helicopter last week."

General Paco Moncayo, chief of staff of the Ecuadoran Army and strategist of the operations, met later with the reporters and told them: "Ecuador maintains all its positions."

"We maintain absolute control," he added, admitting the existence of infiltrated Peruvian patrols. Surrounded by soldiers, Moncayo told reporters: "This is the real Tihuinza, you are at the site indicated by the maps drawn up by the Peruvians. There can be no other Tihuinza, this is the real one."

"For Tihuinza to fall in Peruvian hands, all of our soldiers would have to die," Moncayo said.

As night fell, it was decided the reporters would be taken back to Quito but it was promised that there will be new flights in coming days to take other journalits to the hot zone of the Condor mountain range.

Armed Forces Command: Peru Created 'Fake Tihuinza'

PA1502134695 Quito Voz de los Andes in Spanish 1200 GMT 15 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Armed Forces Joint Command has accused Peru of creating a fake Tihuinza to make its people believe that they have gained control of the Ecuadoran detachment.

The Joint Command claims there are still Peruvian patrols in the conflict region. It also firmly denies that Ecuador has violated the cease-fire, because they never would have opened fire on the Tihuinza detachment. The Joint Command notes that Ecuador is not the aggressor country but the country that was attacked.

The Ecuadoran military issued an urgent appeal to the guarantor countries to verify the cease-fire in the line of battle and to Peru to definitively sign the commitment to end the conflict.

Army Officer Denies Artillery Fire on Tihuinza

PA1502014495 Quito Voz de los Andes in Spanish 2300 GMT 14 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] A high-ranking Ecuadoran Army officer has denied statements by the Peruvian Joint Command that Ecuador has opened artillery fire on Tihuinza, a site both countries claim to have under their control.

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The member of the Ecuadoran Joint Command has said: We could not have attacked that position; it is impossible. We are right there.

The officer has told REUTER that Ecuador did not initiate the clashes that occurred between the two countries. There was a minimum of clashes today.

Authorities Report Clashes Despite Cease-Fire

PA1402213095 Madrid EFE in Spanish 2029 GMT 14 Feb 95

[FBIS Translated Text] Quito, 14 Feb (EFE)—Ecuador has denounced that its soldiers today engaged in constant clashes with Peruvian patrols attempting to advance their positions, despite the unilateral cease-fire declared on Monday by Peruvian President Alberto Fujimori and agreed upon by the Ecuadoran Government.

Armed Forces Report Peruvian Infiltration, Casualties

PA1502011895 Quito Voz de los Andes in Spanish 2300 GMT 14 Feb 95

[Report by Edwin Chamorro from the Presidential Palace; from "The Voz Andes Newscast"—live]

[FBIS Translated Text] As part of the information disseminated by the State Communications National Secretariat [Senacom], we have a bulletin issued by the Ecuadoran Armed Forces [FAE] Joint Command which, because of its importance, we will repeat again as we already did this afternoon. Bulletin No. 28 states as follows:

During the early morning hours of today, Peruvian patrols that were able to infiltrate the conflict region have insistently attempted to consolidate positions in areas different from those where Ecuadoran troops are positioned, in an effort to create misleading positions that will support recent statements by the Peruvian president. These positions are located between the posts of Tihuinza and Cueva de los Tayos, approximately 3 km from Tihuinza.

Ecuadoran troops continue to control the area, and continuous skirmishes have been recorded throughout the sector. The Ecuadoran troops protecting the sector will respect the cease-fire announced unilaterally by Peru as long as the Peruvians refrain from opening fire and decide not to mobilize within the area. The cease-fire should not be construed as a justification to mobilize forces aimed at consolidating positions not under Peru's control.

The FAE hopes the unilateral cease-fire announcement made by Peru will immediately be made official to the guarantor nations so that the presence of observers and multinational forces will certify and validate Ecuadoran positions, constituting the first step to the start of a demilitarization and the subsequent demobilization of both forces in the sector under conditions already discussed in meetings with the guarantor nations. This mechanism will be the only way to guarantee an effective cease-fire and the beginning of lasting peace.

The FAE Joint Command would like to inform the country that the following is a consolidated summary of casualties to the Ecuadoran forces as a result of the clashes that took place yesterday and early this morning: killed in action, 11; wounded in action, 42.

Historical, Geographical Realities Observed

95SM0175B (INTERNET) FOREIGN MINISTRY GOPHER in Spanish 3 Feb 95 pp 1-3]

[Commentary by Henry Raad from Guayaquil EL TELEGRAFO 26 Jan 95 p 4-A]

[FBIS Translated Text] A knowledge of our geography and of our history is the basis of our national identity. Regrettably, Ecuador bears a name that was picked at random, corresponded to an imaginary border, and was linked to a scientific event in which we did not participate. Our flag, our currency, and our first president were Venezuelan. Ecuador was actually a military event, in that Bolivar was unable to overcome the ambition of the Colombian and Venezuelan generals. That was the beginning of the history of the boundary to the south, where unfortunately a nation was born that was educated in the concept of a viceregency. This concept had served to reinforce Peru's Inca-conqueror roots and was perhaps the source of the Peruvian militarism that has done so much harm to the Peruvians themselves and to those countries whose misfortune it has been to have them as their neighbors.

It is essential that we adopt a rational attitude toward the military situation on the border—a situation that has brought us so many problems and so much insecurity. It is a definite and objective fact that the Peruvian Foreign Ministry—which consists of civilians—is unable to resist the pressures that the military impose on all Peruvian governments. The Peruvian military are a very privileged caste whose intentions in respect to territory are clear and can be summed up in one word: Pachacutec. This is merely one chapter, however, and it will not be the last one in this century. When Alberto Fujimori showed himself willing to turn the page, he had to retreat from his advanced concepts as soon as the military brought pressure to bear.

Peace, unfortunately, does not depend on only one of the parties. The invasion of 1941 was the result of the pro-Nazi tendencies that our government was demonstrating and that were very effectively exploited by the Peruvian military, who captured almost three-fourths of the eastern petroleum-producing region while the Americans occupied and established military bases in Salinas and the Galapagos—with the aim of defending the Panama Canal—immediately after Pearl Harbor opened the Pacific front. Until that time, our military had been more involved in internal political problems and had not prepared themselves to defend our borders. Beginning in 1941, Ecuador began to develop an awareness with respect to Peru, whose acts of usurpation served to strengthen our nationalism. The differences that have arisen between the defense minister and former President Leon Febres Cordero have at no time endangered our territorial security and in fact were

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beneficial, if we understand that secrecy does not help us to approach the problem in a rational manner.

The foreign ministry prefers a policy of secrecy, which is very characteristic of this sort of diplomatic environment in which intrigues feed individual egos. The military also believe that everything should be kept secret, although it is laughable the way documents regarded as secret are passed around. The famous secret document that caused the political incident seemingly refers exclusively to the date on which it was determined logistically that Pachacutec was situated on Ecuadoran territory—something that could have collateral effects, given the high degree of political protagonism that [Defense] Minister Gallardo displays to the press. Moreover, it is to be presumed that Pachacutec caused the immediate and surprising reaction on the part of Rodrigo Borja, who attended an international forum to reinforce the diplomatic action by proposing papal arbitration instead of recourse to military action. Because of the excessive secrecy, Rodrigo Borja's activities were called into question by some sectors of public opinion, while *la quitena* staged roving street demonstrations of sympathy for Alberto Fujimori and even for his wayward wife Susana.

Peruvian militarism will not be pacified on the battlefield. We shall be able to defeat it to the extent that the Peruvian people themselves become aware of the harm that this classist attitude is doing to them in their own country. In order for the debate to be moved into that arena, the prevailing secrecy must be broken and there must be direct and straightforward discussion of the continuing events on the border—events that should neither alarm nor frighten us.

Just as we live in an area that is subject to earthquakes, we have the misfortune to live next door to a Peruvian military caste that exploits these incidents in order to justify its own existence and its excessive budgets. Let us not be afraid. Let us not imitate them, nor conceal the truth about events, nor declare war, nor fall into the trap of resorting to military measures. Let us attack Peruvian public opinion, which could ultimately become our strongest ally when the situation is rationalized. Let us take advantage of our smaller size and our pacifism. In reporting the situation, let us be neither Puritans nor irrational superpatriots.

Paraguay

Wasmosy 'Deplores' Clinton's Drug Report to U.S. Congress

PY1402143195 Asuncion ULTIMA HORA in Spanish 11 Feb 95 p 39

[FBIS Translated Text] Caaguazu—President Juan Carlos Wasmosy deplores the fact that his U.S. counterpart, Bill Clinton, has told the U.S. Congress that Paraguay is still a drug transit and producing country.

Wasmosy announced that he would ask the U.S. Government "to seriously consider the facts and our efforts because we are struggling against drug trafficking without any resources."

According to the information Clinton passed to four U.S. Congress committees, Paraguay—with other drug producing and transit countries in the world—remains on the "black list."

Wasmosy said: "They are saying we are not doing much against drug trafficking. I ask: What else can we do without any resources? Joint actions, not just in producer but also in consumer countries, are required." Concerning his U.S. counterpart's attitude, Wasmosy said: "I am very sorry. President Clinton knows why he is doing it, but we are doing our utmost here to struggle against this problem. I have never heard of the arrest of any U.S. or European drug dealer. Don't tell me this damn weed enters the United States or Europe in small quantities! It enters via a drug center where it is peddled."

Wasmosy thus criticized the impunity enjoyed by drug traffickers from very powerful nations while petty criminals from South American countries are being hunted. Wasmosy admitted that Clinton's report is unfavorable for Paraguay's opening to the international market.

Judge May Order Release of Lebanese Fundamentalists

PY1502014995 Asuncion HOY in Spanish 14 Feb 95 Second Section p 1

[FBIS Translated Text] Criminal Judge Carlos Monges Lopez might order the release from detention tomorrow of Jhonny Moraes Baalbaki, Luis Alberto Nader, Sergio Rodrigo Selem, and Fadi Abdul Karim Chekair if no proof is presented linking them with drug trafficking or with Islamic fundamentalist groups involved in the attack against the Jewish AMIA [Argentine-Israeli Mutual Association] headquarters in Argentina on 18 July 1994.

Intelligence Police agents who raided a residence located in the neighborhood of "El Mangal" in Trinidad arrested the four individuals mentioned above, plus Valdirene Vieira Ferguglia, Roberto Ribeiro Ruiz, and Mohamad Hassan Alayan, on 29 January.

Jose Lima Torres, the foreigners' defense lawyer, said on 10 February that he had asked the judge to order the release of his clients because there was no evidence of any criminal activity against the Lebanese-Brazilian citizens to justify their continued stay in Tacumbu prison.

"It will serve justice to order their release, because no evidence was found incriminating my clients," the professional said.

Judge Monges Lopez said he would order the release of the alleged terrorists if no evidence is found involving them in any criminal activity.

"I am studying the situation. If I cannot find any evidence incriminating them, I will immediately order their release," the judge said.

The situation of Roberto Ribeiro Ruiz, Valdirene Vieira Ferguglia, and Mohamad Hassan Alayan is more complicated, because the three told Judge Carlos Monges that they were drug addicts.

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With respect to the case, attorney Lima said that the three Lebanese-Brazilian citizens had not committed any crime, as the police had found only the minute amount of six grams of cocaine in their possession.

"According to Law 1340, the amount of drugs the police found in possession of my clients is minimal, and they did not violate any law because they admitted they were addicted to the drug," the defense lawyer said.

Talks Begin on Yacyreta Power Plant Privatization

PY1302042295 Asuncion ULTIMA HORA in Spanish 10 Feb 95 pp 12, 13

[FBIS Translated Excerpt] Argentina has proposed the total privatization of the Yacyreta hydroelectric power plant—in the form of a 40-year concession—in order to obtain $4.5 billion for its operation (a large part of this amount would be paid in cash and the rest in yearly installments).

This information was released by high-ranking Paraguayan Government sources who are negotiating the plant's privatization with an Argentine mission sent by the Carlos Menem administration. The Argentine mission arrived in Paraguay yesterday. The purpose of the proposal is to obtain advance funds to solve part of the neighboring country's financial problems.

Our sources' information agrees with statements by Argentine Energy Secretary Carlos Bastos, who talks about "anticipated funds" with the plant's concession. Argentine negotiators are trying to reconcile this idea with the Paraguayan proposal to sell energy in advance (in the futures market).

The Argentines would allegedly support options six and seven of the study conducted by the international consulting firm, Morgan Grenfell, implying the total concession of the power plant.

Morgan Grenfell prepared the feasibility study at the request of the World Bank.

Negotiators do not rule out the acceptance of Morgan's option two either. This option is a less radical concession but also gives the billing and collecting operation to concessioners. The Yacyreta Binational Entity (EBY) is in all cases responsible for the payment of royalties and compensations to both governments. In only two options is EBY stripped of the responsibility of paying this debt, which is submitted directly to both governments. [passage omitted]

National Airline Privatized; International Flights Resumed

PY0902210995 Asuncion ULTIMA HORA in Spanish 7 Feb 95 p 10

[FBIS Translated Excerpt] Eleven months after it was grounded and five months after its privatization, Lineas Aereas Paraguayas S.A. (LAPSA) today resumed regular flights with a trip to Buenos Aires at 1030.

The takeoff of LAPSA's first plane, a Boeing 737-200, occurred two hours after a protocol ceremony was held. President Juan Carlos Wasmosy and his economic team participated in the ceremony.

In the company of LAPSA's new owners, Wasmosy inspected the two planes to be used by the Cielos de America consortium, which acquired 80 percent of the shares after a long privatization process.

The two planes presented by the Paraguayan-Ecuadoran group, in which the Ecuadoran group Saeta has a majority, are a Boeing 737-200 for regional flights (such as the one this morning), and an Airbus 310-200 that will be used mainly as of March for direct flights to Miami.

During this first stage LAPSA will make a daily flight to Buenos Aires with its 737-200, which can carry up to 112 passengers. As of 13 February, flights will be made to Santiago, Chile, while in March flights will begin to Lima, Peru; Rio de Janeiro and Sao Paulo, Brazil; Guayaquil, Ecuador; Montevideo, Uruguay; and to Miami in the United States. [passage omitted]

Peru

Spending on Conflict More Than Planned, 'Not Yet' Affecting Economy

PY1402011995 Buenos Aires TELAM in Spanish 1850 GMT 13 Feb 95

[FBIS Translated Text] Lima, 13 Feb (TELAM-SEM)—The armed conflict with Ecuador over a stretch of the Amazon jungle has not yet affected the Peruvian economy, although Economy Ministry spokesmen said today that the 19 days of combat "have unbalanced the (fiscal) chest because we are spending more than what was planned."

"So far the Armed Forces have not requested funds," an official told the magazine SEMANA ECONOMICA. The revenue office has also ruled out the application of "war taxes" or requesting advances on some existing tax.

Enrique Obando, an expert in military affairs, said that the Defense Ministry emergency budget for the fight against subversion may have been depleted. It is an annual allocation of 236 million soles, or some $107 million, Obando pointed out.

The military crisis with Ecuador has also permitted the public to find out that the Peruvian Armed Forces budget for the year, without the "Condor factor," amounts to $5 million a day, a sum analysts consider "extremely high for a country with serious social problems."

President Alberto Fujimori, referring to the conflict with Ecuador, recently said that his government "issued a secret decree" transferring 25 million soles (some $11 million) to finance troop mobilization and the cost of gasoline.

Heavy military spending will come later, when we try to replace the war materiel, such as planes and helicopters, that we lost in the conflict.

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Fujimori said he trusts the military factor will not affect the national economy, and he expects the inflation rate in February to be between 0.8 percent and 1 percent. "Our program contemplates that percentage," the president said.

The head of state referred to the concern of specialized groups over the impact of the undeclared war. He said the state company privatization program will ensure "that strategic companies are not sold to capital from risky countries."

Fujimori said, for instance, that the auction of port services in Iquitos, in the Amazon region—the old Maynas that Ecuador claims as its own—will require the preselection of bidders based on their origin.

Privatizations Committee representatives said the committee does not contemplate "any major modification to the program," and ruled out any suspension. The Committee has announced the auction of the Cahua hydroelectric power plant and the Continental Bank for the upcoming weeks.

The Peruvian banking system, meanwhile, reported closing the past week "without any uncharacteristic trends" in deposits or withdrawals. On the contrary, deposits in national currency on 7 February increased by 3.2 percent, the sources said.

Lima stock market representatives said they did not register any significant "withdrawal of foreign capital, although small investors are withdrawing," due more to the persisting repercussions of "the tequila effect" (the Mexican crisis) than to "the banana effect" (the Ecuadoran-Peruvian conflict).

"If the conflict continues, we could have a problem, but foreigners are maintaining their investments because (they) speculate that Ecuador does not have enough economic support for a protracted war," the stock market representatives said.

Petroperu [State Petroleum Agency] has stopped purchasing oil from Ecuador, and is now importing from Argentina and Colombia. "Brokers were ordered by Ecuador not to sell their oil to Peru," the local company reported.

It was reported that Peruvian tourist activities have not been significantly affected, either. Tourist agencies reported that scheduled excursions to the Punta Sal resort in Tumbes and to traditional towns on the coast and in the jungle areas have been rerouted to other places in the country.

The agencies also reported a drop in tourist visits to Cusco, in the southeast corner of the country.

The agencies said that commercial flights from the United States are avoiding Ecuadoran air space "for security reasons." This detour forces planes toward the sea, which extends their flight time by 30 minutes.

Armed Forces Chairman Comments on Tihuinza Situation

PY1402184095 Lima Radio Programas del Peru Network in Spanish 1256 GMT 14 Feb 95

[Interview with General Nicolas de Bari Hermoza Rios, chairman of the Armed Forces Joint Command by Rocio Vicente in Lima—recorded]

[FBIS Translated Text] [Hermoza Rios, in progress] ...Well, they are free to say whatever they want.

[Rios] (?Is it true that) Tihuinza is in Ecuadoran territory and not in Peru?

[Hermoza Rios] No, ...

[Unidentified reporter interrupting]...like it happened with (?Paquisha)?

[Hermoza Rios] No. The president has explained this situation. Coangos is on the border, but there is also another Coangos in their territory. Paso de Los Tayos [name as heard], which has been taken over by our troops, is also the name of another location in their territory.

[Question indistinct]

[Hermoza Rios] All of them will have to [words indistinct]

Army General Explains Confusion Over Location of Tihuinza

PY1502025095 Lima America Television Network in Spanish 0150 GMT 15 Feb 95

[FBIS Translated Excerpt] General Daniel Mora, chief of the Peruvian Army Information Department, held a news conference to give a detailed account of how Tihuinza was recovered. He also disclosed that the Ecuadoran Armed Forces continue to attack Peruvian bases.

[Begin recording] [Unidentified reporter] In view of the great expectations of dozens of foreign journalists, Gen. Daniel Mora Zeballos, chief of the Army Information Department, explained how Tihuinza, the last detachment under Ecuadoran control, was recovered.

[Mora] First we recovered key positions in the entire Tihuinza sector. When the final attack was perpetrated yesterday, we broke the entire Ecuadoran defense. Consequently, Ecuador's troops started to retreat in a disorderly manner, and this is how we recovered the Tihuinza zone, that is, Tihuinza. We have recovered Tihuinza. All this zone is Tihuinza. We have planted the Peruvian flag here again, but bombing continues there. If we stay at these points—because this is not Paquisha, this is something different —we are going to be the target of artillery fire from Coangos, as is the case now. The usual procedure is to recover the post, and then troops seek shelter, because we know that bombing on this zone is going to start. Therefore, the fact that the Ecuadoran troops continued bombing at 1330 [1830 GMT] means that they have lost control over this entire zone. They will probably attempt to recover it, but we are currently consolidating our presence in this zone, and later on will chase the infiltrated troops out.

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[Reporter] Among the journalists participating in the news conference was an Ecuadoran journalist, who asked Gen. Mora some questions.

[Unidentified Ecuadoran journalist] After President Alberto Fujimori made the [cease-fire] announcement we discovered that we have two official versions on this situation. What can you tell us? Are there two Tihuinzas?

[Mora] We are all aware of the great show and propaganda made by Ecuador in this regard. Ecuador has even invited foreign and Ecuadoran journalists to visit a post, but I do not know what post it could be, because the one they were apparently visiting was under artillery fire, it was in full combat. I have already explained the concept of falsehood used by Ecuador to infiltrate Peruvian territory, but it is quite likely that journalists will be taken to a calm zone, very near the border, that may look like Tihuinza but in truth is not Tihuinza. This can be proven by the observers who have been invited to the zone.

[Reporter] Gen. Mora added that Tihuinza is located 4 km from Coangos, the Ecuadoran base from where the Ecuadoran troops this afternoon continued to attack Peruvian troops. He also explained that Base Sur is 3 km from the same Ecuadoran base, and finally that Tihuinza extends for 30 square kilometers. [end recording]

Armed Forces Communique Details Capture of Disputed Posts

PY1402193395 Lima Radio Programas del Peru Network in Spanish 1850 GMT 14 Feb 95

[FBIS Translated Text] Good afternoon, "Directo en Directo." A communique from the Armed Forces Joint Command has just been released here at Government Palace.

The communique reads: Our Armed Forces, after fierce fighting, managed to dislodge Ecuadoran troops from the so-called Cueva de los Tayos on 27 January, from Base Sur on 2 February, and from Tihuinza and surrounding hills yesterday. The Armed Forces have thus consolidated positions and resumed corresponding control of the zone.

The Armed Forces Joint Command, observing the unilateral cease-fire ordered by the supreme chief of the Armed Forces, has given corresponding instructions to its maneuvering units for its full implementation. Consequently, the Armed Forces Joint Command expects a reciprocal attitude from the Ecuadoran Armed Forces in order to thus end the conflict.

The communique goes on to point out that information on any reorganization or deployment of troops, or flights by Ecuadoran aircraft toward the conflict zone in Peruvian territory, will be considered hostile actions, as they may be designed to continue military operations.

Lastly, the Armed Forces honor the memory of its members who died in service and offered their lives for the defense of the sovereignty and territorial inviolability of Peru.

Lima, 14 February 1995. Armed Forces Joint Command.

This is the communique we have just been given here at Government Palace.

General Says Ecuador Continues To Shell Peruvian Posts

PY1402200695 Lima Radio Programas del Peru Network in Spanish 1837 GMT 14 Feb 95

[Live telephone relay by correspondent Ismael Byron Horna from the El Milagro Base in Bagua to announcer Jesus Miguel Calderon in Lima]

[FBIS Translated Text] [Calderon] Good afternoon, Ismael.

[Horna] General Vladimiro Lopez Trigoso, chief of the El Milagro military base, said today that Ecuadoran forces are still attacking Tihuinza with mortar fire, but without causing major damage.

He added that in the next few hours domestic and foreign media, including Ecuadoran media, will be invited by the Peruvian Government to enter the recovered zone of Tihuinza, where tight security has been implemented.

[Begin recording] [Unidentified reporter] [passage indistinct]

[Lopez Trigoso] The battle for Tihuinza has been going on for one week [words indistinct] as the president already said.

[Reporter] When did the battle really end?

[Lopez Trigoso] You will be able to enter the area with international media, and even with Ecuadoran media, to determine in situ that we are in Cueva de Los Tayos, Base Sur, Tihuinza, and all over the area.

[Reporter] [passage indistinct]

[Lopez Trigoso] They can say what they like [words indistinct].

[Reporter] Regarding casualties, what are the casualties in the Peruvian Army?

[Lopez Trigoso] As the president said, we have 38 dead and about 70 wounded, most with only slight wounds. We are still being attacked with mortar fire, with artillery [words indistinct].

[Reporter] [words indistinct] indicate we will not retreat, but that the zone will be enlarged?

[Lopez Trigoso] Of course, that is logical. We will have to strengthen our presence there, especially our military presence. [end recording]

[Horna] That was Gen. Vladimiro Lopez Trigoso, who announced that in the next few hours the Peruvian Government will invite domestic, international, and even Ecuadoran journalists to visit the recovered zone of Tihuinza. Jesus Miguel Calderon, do you have any comments?

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[Calderon] The president announced here that Peru had implemented a cease—fire in the conflict zone, but according to Gen. Lopez Trigoso the cease-fire is not being respected.

[Horna] The attacks continue from El Condor Mirador, apparently toward Tihuinza, but the firing is not causing any damage to the Peruvian forces that took over the Tihuinza zone. The forces have put a special cordon around the recovered zone. They have consolidated their positions. But the Ecuadoran mortar fire is not causing major damage to our positions.

[Calderon] Ismael, thank you very much. Stay close to the internal network system, because some notes for the public will be coordinated with you.

[Madrid EFE in Spanish at 1854 GMT on 14 February reports further comments by Gen. Lopez Trigoso that Peruvian troops "have obeyed the cease-fire ordered by President Alberto Fujimori." He said: "Our forces are concentrated on maintaining and consolidating our positions, without firing a single shot, after the enemy has been evicted."]

Communique Notes 'Heavy Artillery Fire' From Ecuador

PY1402201795 Lima Radio Programas del Peru Network in Spanish 1950 GMT 14 Feb 95

[FBIS Translated Text] A second official communique has just been released here at Government Palace. The communique reads as follows:

The Peruvian Armed Forces Joint Command hereby informs that:

1. In compliance with the cease-fire order, Navy forces stationed at strategic points have been recalled to their units on the northern Peruvian coastline. Moreover, armored forces have started to return to their respective barracks.

2. Despite these actions aimed at attaining a complete cease-fire, according to the military communique issued at 1330 [1830 GMT], the Tihuinza post recovered by the Peruvian forces is the target of heavy artillery fire from the Ecuadoran bases Coangos, Banderas, and Mirador. Peruvian personnel have sought shelter.

3. The Armed Forces Joint Command reiterates to the Ecuadoran Armed Forces the need to observe the cease-fire accepted by the Ecuadoran Government.

Lima, 14 February 1995. Armed Forces Joint Command news division.

'Thousands' Cheer Fujimori at Start of Cease-fire

PY1402181295 Madrid EFE in Spanish 1717 GMT 14 Feb 95

[FBIS Translated Text] Lima, 14 Feb (EFE)—The cease-fire announced last night by Peruvian President Alberto Fujimori, which was later accepted by Ecuadoran President Sixto Duran-Ballen, was enforced today as of 1200 local time (1700 GMT). Peruvian radio and television networks interrupted their normal broadcasts today at noon to announce the start of the case-fire and to broadcast military marches.

At the appointed time for the start of the cease-fire between Peru and Ecuador, thousands gathered at the Plaza de Armas in Lima outside Government House to cheer President Alberto Fujimori. Fujimori, accompanied by cabinet members and high-ranking military officers, acknowledged the cheers from the main balcony of Government House.

Foreign Ministry Communique Denies Use of Chemical Weapons

PY1402211095 Madrid EFE in Spanish 1858 GMT 14 Feb 95

[FBIS Translated Text] Lima, 14 Feb (EFE)—Today Peru denied an unofficial report issued in Quito stating that Peru used chemical weapons in its conflict with Ecuador. The Peruvian Foreign Ministry denied these reports through an official communique issued today, in which it points out that this report was "categorically denied" by Peruvian President Alberto Fujimori on 11 February.

According to the communique, "Peru regrets and rejects the irresponsible reports from Ecuadoran sources, reasserts its well-known position in this regard, and once again urges the Ecuadoran authorities to inform in a responsible and ethical manner."

The communique then states that "for many years and in a particularly active manner, Peru has rejected the use of chemical and other weapons of mass destruction."

It also recalls that Peru is one of the 37 countries that during the Disarmament Conference in Geneva negotiated the "Convention Banning the Development, Production, Storage, and Use of Chemical Weapons and Their Destruction," approved in 1992.

The communique adds that Peru hosted, from 1 to 4 September 1994, a regional seminar to promote the ratification and adequate implementation of the Chemical Weapons Convention in Latin America and the Caribbean.

Ecuadoran-Peruvian Conflict Assessed

PY1202023195 Lima EL COMERCIO in Spanish 2 Feb 95 p A2

[Editorial: "The Truth About the Ecuadoran Invasion"]

[FBIS Translated Text] In the meeting being held in Rio de Janeiro, summoned by the guarantor countries of the 1942 Rio de Janeiro Protocol, Ecuador has insisted on the absurdity of conditioning its permanence at the negotiating table on Peru first decreeing an immediate cease-fire in military operations on the Ecuadoran-Peruvian border. President Alberto Fujimori last night gave Ecuador a very specific response.

As previously stated, this is quite impossible, because the Ecuadoran Government's position is nothing more than a

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new and unacceptable trick. If Peru complies, it would be acting inappropriately; that is, it would be acting like an aggressor.

The truth, which must be categorically explained again, is that the Ecuadoran Armed Forces invaded Peruvian territory in a malicious and premeditated manner.

Since November 1994, and as a preliminary step to the military confrontation, the Ecuadoran strategy has consisted of establishing a sort of military cordon in the stretch adjacent to the Cenepa River. As is established in all existing titles on display, in all historic documents prior to the status quo of 1936, and in the 1942 Rio de Janeiro Protocol, and according to the arbitration ruling issued by Brazilian Captain Braz Dias de Aguiar and the maps taken by the U.S. Air Force in 1947, the entire course of the Cenepa River belongs wholly and exclusively to Peru.

The tactic used for this purpose is now better known: first they established small centers, apparently populated by civilians. Later these centers expanded into five active logistics bases. They were established precisely in the region that Ecuador believes is an open area, that is, in the 78 km that were delimited but not demarcated, along the the border between the two countries, that is, the Condor Mountain Range.

According to reports issued by Peruvian officials, before resorting to defensive military actions, the Peruvian Government tried to dissuade the invaders through diplomatic means, so that they would abandon our territory.

Nevertheless, all these efforts were useless in view of Ecuador's intransigent and arrogant attitude. It is obvious that Ecuador continued to openly violate bilateral norms.

In view of this, and in legitimate defense of its territorial integrity and national sovereignty, Peru was forced to resort to military actions in the Condor mountain range. As is established in official Peruvian Foreign Ministry documents, the military actions have been restricted to expelling the Ecuadoran military detachments from national territory. This shows that Peruvian forces have no expansionist plans and have adopted a clearly defensive attitude.

Naturally, in a situation that involves repelling an invasion, and not an attack on Ecuador, it is absurd for the Quito government to try to condition the holding of peace negotiations on a cease-fire declaration by Peru.

Peru has an undisputable peaceful vocation and it is willing to immediately withdraw its troops and war machinery. This was reasserted by President Alberto Fujimori in his message to the nation when he said: "I believe that no sensible Peruvian or Ecuadorean can deny that the Peruvian solution is the best one."

Aside from the zealous war propaganda conducted by the Ecuadoran Government and its Armed Forces, the world must know the truth: In the same manner in which in 1981 the Ecuadoreans organized the premeditated clash in the so-called Falso Paquisha area, today Ecaudor is trying to modify geographic sites on the maps; to change the names of key places; to duplicate these geographic names and to place them on fictitious maps beyond their true location, thus trying to present themselves as victims.

Ecuador recognized the prevalence of the 1942 Rio de Janeiro Protocol just a few days ago, but it suddenly decided to ignore it; morever, amid incongruous statements made by the Ecuadoran president to the international press, it wants to make believe that the Peruvian troops are attacking positions "outside the conflict area." A conflict that only exists, among other things, because they were the ones who violated the cease-fire agreement signed before the guarantor countries in 1981. President Fujimori has stated: "After several decades, Ecaudor has recently recognized the enforcement of the Rio de Janeiro Protocol. As we have already stated this constitutes great progress for achieving an understanding and lasting peace between Peruvians and Ecuadorans.

"Despite this explicit recognition, the Ecuadoran Government has insisted on conducting the incursion. Furthermore it has launched a biased campaign aimed at creating confusion, an attitude which we cannot understand."

In view of this, the guarantor countries are compelled to comply with and make Ecuador comply with what was established in the treaty signed and freely approved by the two countries 53 years ago.

Consequently, if Ecuador does not comply with the cease-fire, if it does not withdraw all its troops from the territory that does not belong to Ecuador, if it does not agree to continue negotiating until a cessation of hostilities is agreed upon and proceed to the demarcation of the 78 km that remain to be demarcated in the border, the world should understand that Peru cannot withdraw its Armed Forces from the current theater of operations. President Fujimori has, therefore, done well in stating that "Peru categorically has not and will not remain impassive or tolerate the violation of its national sovereingty; our sovereignty cannot be negotiated."

The guarantor countries have clearly established and stressed in Rio de Janeiro that what is being discussed is how the protocol will be implemented and nothing else.

Anything else would be completely inappropriate. In view of this, those countries that have proposed holding these negotiations in sites other than Rio de Janeiro or in forums such as the OAS or the United Nations are not helpful.

Undoubtedly peace has its price. This can be achieved only if Ecuador fully admits that it has to end its war adventure so that once and for all international rights are upheld on the basis of the nonviolation of treaties.

Finally, Peru's upholding of the laws and its vocation for peace are obvious. Peru's gesture of having proposed the holding of negotiations despite having been invaded is noteworthy. It cannot go beyond this point, however. It cannot renounce that which is characteristic of any democratic state: to defend itself from a foreign invasion, that is, the Ecuadoran invasion.

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Perez de Cuellar: Fujimori Doing Right Thing Regarding Ecuador

PY1002223695 Madrid EFE in Spanish 1404 GMT 10 Feb 95

[FBIS Translated Text] Buenos Aires, 10 Feb (EFE)—Javier Perez de Cuellar, the leading opponent of Peruvian President Alberto Fujimori in the forthcoming elections, has said Fujimori "acted as any other Peruvian would have acted" in that situation.

During an interview with the Buenos Aires daily PAGINA/12 published today, Perez de Cuellar said: "Although I am an opposition candidate, I never make accusations unless they are supported by evidence."

The former UN secretary general believes the rise in Fujimori's increased popularity "does not constitute support for the candidate, but rather for Peru's traditional policy."

Perez de Cuellar said: "I do wish to politicize our dispute with Ecuador because it is a matter of national interest. Besides, Fujimori is doing the right thing."

He rejected a possible mediation by the OAS to end the escalation of hostilities with Ecuador "because it would weaken the role of guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States), which is exclusive."

He said the guarantors "are wholly impartial and undoubtedly wish to find a peaceful solution to this conflict. Hence we have to wait for Ecuador to be reasonable and accept" the peace proposal.

He added: "We must be patient because the problem is not so easy that it can be solved in a matter of days." Perez de Cuellar denied that the war with Ecuador was triggered by Fujimori's "political needs" in view of the forthcoming elections, in which he expects to be re-elected.

"This is not just Fujimori's war, it involves the whole of Peru at a time when this gentleman is president of the Republic."

Perez de Cuellar Denies Rumors of Withdrawal From Presidential Race

PY1502005595 Lima EXPRESO in Spanish 25 Jan 95 p A4

[Report by Cesar Infanzon Jorgge]

[FBIS Translated Excerpt] Javier Perez de Cuellar, presidential candidate for the Union for Peru Movement (UPP), denied yesterday in Pucallpa that he is considering the possibility of stepping out of the presidential race. Perez de Cuellar thus refuted rumors that have been circulating these past few days in this regard.

Commenting on the rumors about the possibility that he might withdraw his candidacy, he said that "many people" hope he will pull out of the electoral race for a number of reasons.

Perez de Cuellar said: "With great respect, I must tell them that first they will have to sit down and make themselves comfortable, help themselves to a whiskey, smoke a cigarette, and when the last puff of smokes dies out, smoke another one, until we reach 9 April."

He voiced his confidence "in his true chance of victory," and said he will not give up the struggle.

Perez de Cuellar added: "I assumed this commitment with great maturity and a full desire to serve the country, and I will continue until I attain my objective." [passage omitted]

Belaunde: Unfounded Claim, Historical Background

95SM0191A (Internet) DESCO Gopher in Spanish 10 Feb 95

[FBIS Translated Text] The weekly CARETAS (No. 1349, 9 Feb 1995) published an "essay on history and geography" by former President Fernando Belaunde Terry. "Of our long border with Ecuador of some 1,700 kms," Belaunde notes, "all that remains to be demarcated is one segment of the line connecting the peaks in the Cordillera del Condor, which the award by Brazilian arbitrator Dias de Aguiar had established as the natural border between the two countries. The remainder of the demarcation—which largely traverses forest flatland—is not a natural border but is the product of the respective agreements. If there is any segment of the border where geography—mountains, for example—does provide an incontrovertible separation, it is precisely the Cordillera del Condor, on which Ecuador has centered its chronic and periodic demands.

The line of peaks forms a divide. The watercourses that flow westward mark the Ecuadoran territory; those that flow to the east mark the Peruvian territory. If the corresponding article of the Rio de Janeiro Protocol were to be applied literally, we would have to establish a geodesic line extending from San Francisco Creek to the divide between the Zamora River and Santiago River (which does exist, although reduced in extent) and continuing from there to the confluence of the Santiago with the Yaupi, so that we would then have a long border that disregards the topography. Acting in conformity with the stipulation in the Protocol, Dias de Aguiar adjusted this boundary so that it corresponded to the line of peaks—a decision that favored Ecuador in terms of land area.

Ecuador has repeatedly chosen to claim—without producing any documentation—that when the Rio Protocol was signed in 1942 the existence of the Cenepa River was not known, and that its allegedly surprise discovery therefore made the Protocol "impossible to execute." Rarely has there been such a lack of responsibility in connection with an unfounded allegation. Peru's sovereignty over this entire region is amply attested by travelers and explorers.

The Manseriche River Gorge—unquestionably the most prominent feature of this entire area—has been studied by Peru repeatedly. Suffice it to recall the memorable expedition of the naval officer Manuel Meliton Carbajal, who in 1869 was the first person to traverse the Manseriche in a

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steam-powered vessel, the "Napo." As for the Cenepa River—which according to Ecuador we Peruvians "did not know about"—we should remind the Ecuadorans that the military base of Chavez Valdivia is located some 30 kms to the north of the river's outlet into the Maranon and has been there since years before the Rio Protocol. I have visited that garrison, which is one of our major military installations. The Cenepa flows down from the cordillera, and the straight-line distance between the peaks and the Maranon is approximately 137 kms, but the stream—which descends from an altitude of more than 1,000 meters to one of approximately 200 meters at its junctionn with the Maranon—has turbulent stretches that make navigation impossible for approximately 200 km of its length.

Another important base is that of Jimenez Banda, which is located some 12 kms east of the line of peaks and some 30 kms to the south [as published]. Peru maintains a military presence on both the upper and lower reaches of the Cenepa. By intending to secure a foothold on the headwaters of the Cenepa, Ecuador undoubtedly intends to establish a precedent that could enable it to claim that river and thereby extend its border to the Maranon. Unfortunately for Ecuador, the basin of the Cenepa and the entire eastern slope of the Cordillera del Condor belong to Peru. Its lack of information leads it to believe that the Cenepa is a navigable river when in reality it is not, except for a small stretch. This claim—which has created alarm in America and the world, thanks to the Ecuador's clever manipulation of the news—is completely unfounded. It is as if Peru were to claim the Nangariza River and the authentic Paquisha, whose name was used to stage the fiasco of 1981."

Military Preconflict Vigilance Questioned

95SM0191B (Internet) DESCO Gopher in Spanish 10 Feb 95

[FBIS Translated Text]

Weekly Decries 'Neglect' of Border

The weekly CARETAS (No. 1349, 9 February 1995) states: "The news—or lack of it—from the Cordillera del Condor is increasingly alarming. There are reports of the capture of enemy bases and also of the imminent expulsion of the enemy, which however did not occur. The journalists were kept suspiciously at a distance, as if the intent were to conceal something terrible. There can be no doubt that we are experiencing the most dangerous confrontations since 1941, and that the enormous deployment of forces both by Ecuador and by Peru could—almost because of inertia—lead to a total confrontation.

"Why have we gotten ourselves into this situation, and how can we get out of it? When the conflict began, many believed we were in a situation similar to that of 1981, when in a relatively short time the Ecuadoran troops were dislodged from our territory. The armed clashes, however, continue to take place; the number of casualties continues steadily to increase; and the triumphalist predictions are not being fulfilled. What is making it so difficult to dislodge the Ecuadorans this time? The answer would appear to be a combination of two factors. The Ecuadorans carefully studied the lesson that 1981 taught, and they trained and equipped themselves to make a new incursion into the undemarcated zone. We, on the other hand, have neglected this zone, and the economic and political problems of recent years have weakened the Peruvian armed forces."

Weekly Notes Border Posts Moved

The weekly CARETAS (No. 1349, 9 February 1995) states: "Border Vigilance Post No. 1 (PV 1) was originally very close to the Cueva de los Tallos and the border with Ecuador, on the higher part of the spur. The map published in 1982 in the official Army publication—the REVISTA MILITAR DEL PERU, No. 767, page 8—confirms this assessment. On the map that General Nicolas Hermoza displayed on Thursday 2 February, PV 1 and PV 2 appeared to be much farther to the south of where they had been in 1981. Gen. Hermoza should begin by explaining to the Peruvian people what happened in connection with these Peruvian border posts in the critical zone of the border with Ecuador.

"When did these posts pull back and thereby allow the Ecuadorans to establish themselves? Why were they not made to return to their original positions? Why was helicopter reconnaissance of the border not carried out, as had been done previously? How long has the Army command known that Peruvian territory was occupied by Ecuadoran troops? It is hard to understand why such a sensitive point on the border was neglected, for just as in the case of an infection, the consequences of neglect are slight if the problem is treated in time but could be serious if it is allowed to progress.

"Peru is now on the verge of war. A number of officers and soldiers have fallen in combat. It is costing a lot of money, and the national defense will require much more in the future. Victory must be won on the battlefield, but that should not rule out a subsequent discussion of these problems."

Columnist Critical of Border Vigilance

Carlos Tapia says: "The Ecuadoran resistance at Tiwinza leads one to suspect the existence of a substantial military installation that could only be achieved during a lengthy presence at the site, because the construction of supply lines, the transfer of missile systems [sistemas coheteriles], the construction of tunnels and fortifications, and the laying of mine fields are not accomplished in a matter of a few weeks. Could this not have been prevented in time? General Howard Rodriguez, who was commandant of the First Military Region until December 1994, was promoted to Chief of Staff, and the Fifth Forest Division—which is quartered in the zone closest to the conflict—is now directly subordinate to the Joint Command, of which Gen Hermoza has been chairman since 1991. Could not the time spent on dedicating schools have been better spent by the person who is responsible for our country's foreign policy? And the SIN [National Intelligence Service], thank you? (LA REPUBLICA, 10 February 1995)

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President Blamed for Origin, Handling of Conflict

95SM0191C (Internet) DESCO Gopher in Spanish 10 Feb 95

[FBIS Translated Text]

Handling of Conflict

The weekly CARETAS (No. 1349, 9 February 1995) states in its editorial: "Not a few are saying that in circumstances such as these, in which the nation's territorial integrity is at stake and the recourse to arms is bathing the wooded slopes of the Cordillera del Condor in Peruvian blood, there is no place for voices of domestic criticism and discord. That is a harmful concept, however, that has been discredited by history and by reality. Let us therefore speak plainly.

"It was deplorable and unpardonable for Alberto Fujimori to decide not to travel to the Bolivarian summit meeting at Cumana, and for him to fail to use the celebration of the bicentennial of the Marshal of Ayacucho to disclose the infiltration of Ecuadoran military units into our territory. Other unfortunate omissions ensued during the week: Fujimori still failed to convene the Foreign Relations Advisory Committee or confer in a patriotic and disinterested manner with other citizens versed in this field—such as former president Fernando Belaunde Terry—who have so much to contribute.

"On the contrary, the regime seems more inclined to seek political advantage by boasting that for the first time in 35 years Ecuador has acknowledged the validity of the Rio de Janeiro Protocol. Such a statement—based on a narrow interpretation of a communique issued by the Foreign Ministry in Quito and repeated by Fujimori himself—seems grotesque in the light of the battles that are being waged. Thanks to the clumsy manner in which the office of the president has been managing the information front, Ecuador has been able to revive—at this late date—the caricature of a bullying and aggressive Peru that 53 years ago abused a smaller nation.

"In these circumstances, the image of a smiling candidate-president who travels in the company of selected and loyal journalists is particularly shocking. The strategy of manipulating the media for public relations purposes has succeeded in prostituting some segments of the television industry that have even broadcast scenes that were staged and filmed by military personnel without advising the public, but it has at the same time undermined the regime's credibility. Similarly shocking is Fujimori's poor performance during the lengthy interview he granted to CNN! Journalist Marlene Fernandez appeared at times to know more about the subject than the president himself. A number of pointed questions went unanswered, and this time his you already know me: I act first and talk later' sounded worse than ever."

Origin of Conflict

Fernando Rospigliosi states (in CARETAS, No. 1349, 9 February 1995): "The equivocal and evasive behavior of Alberto Fujimori—who is disconcerted by events that he is unable to understand and does not know how to confront—is mispresented by his followers as an intelligent and clever strategy of silence. In reality, Fujimori not only was not prepared for a situation like the present one but is in great part responsible for the conflict in which we are involved. If one reviews the sequence of events, the results of the serious mistakes that were made will now become apparent. For example, what happened in 1991 is the key to an understanding of what is happening today. That year, we will recall, Fujimori, Montesinos, and Hermoza were absorbed by a single purpose: the coup that they were planning for 1992. To that end they had to cleanse' the Army of institutionalist and professional military personnel. As early as November 1990 they had gotten rid of General Juan Fernandez Davila, who was to have become commanding general of the Army in 1991. General Luis Palomino—who was to have become commanding general in 1993—was sent abroad on absurd missions. General Jaime Salinas Sedo—who was to have become chief of staff in 1993—was also sent abroad. The latter two—together with Jose Pastor Vives, who was to become commanding general in 1994—were retired abruptly in late 1991. Ecuador decided to take advantage of this situation to move its border posts forward. The zone selected was that of the Santiago River, where they stationed the treacherous Lieutenant Ortiz. It was in these circumstances that the inept Carlos Torres y Torres Lara reached the gentlemen's agreement'with the clever Ecuadoran minister Diego Cordovez, who of course ate him alive, shoes and all. We now understand the government's inaction in 1991 and its interest in getting out of this delicate situation by whatever means. Its concerns were not directed toward defending the nation's sovereignty but rather toward dismantling the Army's commands and preparing the coup. The government opted for continuing with its coup plans and letting Torres get out of his difficulties by whatever means. This decision—together with Fujimori's subsequent trips to Ecuador, where he believed he had resolved the differences with our neighbors—moved the government to dismantle the Foreign Ministry by ignominiously discharging 117 diplomats. In this way, and in a very short period of time, the two basic institutions for the defense of our sovereignty were weakened. A proposal that should unite all Peruvians in these circumstances; recover our sovereignty, which has been trampled on by the invader; and support the solders fighting at the front and the diplomatmic professionals who are combating in their field is one thing, and it is a quite different thing to endorse incompetent leaders who are to blame for what is happening today and who, moreover, do not have the courage to show their faces and assume their responsibilities."

Public Relations Visits Planned

95SM0191D (Internet) DESCO Gopher in Spanish 10 Feb 95

[FBIS Translated Text] On 9 February, at the invitation of Foreign Minister Efrain Goldenberg, leading figures of the legal, historical, journalistic, and diplomatic fields met to plan a series of visits in the near future to different

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countries of the hemisphere—and to various international forums—for the purpose of disclosing the reality of what is happening on the northern border. The mission is composed of Max Arias Schreiber, Alberto Benavides de la Quintana, Alfonso de los Heros, Felix Denegri Luna, Manuel D'Ornellas, Gonzalo Fernandez Puyo, Eduardo Ferrero Costa, Augusto Ferrero, Arturo Garcia y Garcia, Guillermo Lohmann Villena, Alejandro Miro Quesada Garland, Jorge Morelli Pando, Franklin Pease, Fernando Schwalb Lopez Aldana, Fernando de Trazegnies, Francisco Tudela, and Javier Valle Riestra. (EL COMERCIO, 10 Februry 1995)

Fujimori Claims No Effect on Economic Stabilization

95SM0191E (Internet) DESCO Gopher in Spanish 10 Feb 95

[FBIS Translated Text] The Ecuadoran Government's request for a truce for the purpose of evacuating its dead and wounded from the zone of conflict is an effort to distract attention and appear to be more amenable to an agreement, President Fujimori said in an interview granted to a television program. We have offered every facility to the Red Cross to enable it to go to the zone of conflict, he added, and there is consequently no occasion for the aforementioned request. He declared that the short-term objective is to oust the Ecuadorians from our territory.

As for the delegation of leading figures who will visit various countries for the purpose of stating the Peruvian position in the conflict with Ecuador—on which neither former President Fernando Belaunde nor former UN Secretary Javier Perez de Cuellar were included—Fujimori said they were not included so that the matter would not be politicized. He declared that Duran-Ballen has returned to Ecuador empty-handed' from his tour of the guarantor countries of the Rio Protocol.

As regards the cost of the conflict, Fujimori reemphasized that the conflict had neither been sought nor provoked by Peru, and that in no case would it adversely affect the economic stabilization program, because the nation's economic situation is very sound. As for the Ecuadorans' claims that they still hold Cueva de los Tayos and Base Sur, the head of state said they can say that but they are deceiving their people. Moreover, President Fujimori declared that on Thursday 9 February, 16 Peruvian fighter planes bombed the Ecuadoran positions at Tiwinza. He explained that the air attack was one of the most severe to date.

Uruguay

No Peacekeeping Troops To Be Sent to Ecuador-Peru Border

PY1502124295 Montevideo LA MANANA in Spanish 9 Feb 95 p 5

[FBIS Translated Excerpt] Defense Minister Daniel Hugo Martins has dismissed reports that the Uruguayan Armed Forces would send a peace mission to the areas of conflict involving Peru and Ecuador.

The defense minister emphasized that the current executive branch does not get involved in any peace mission in American territory.

He emphasized that the peace missions involving Uruguayan Armed Forces troops are "in those regions in which we have no political, economic, or religious interests." [passage omitted]

Venezuela

Exchange Board Restricts Foreign Currency Sales to Local Tourists

PA1002195895 Hamburg DPA in Spanish 2153 GMT 9 Feb 95

[FBIS Translated Text] Caracas, 9 Feb (DPA)—The Venezuelan organization responsible for overseeing strict foreign exchange controls, which have been in effect since June 1994, announced today in Caracas new restrictions on the sale of foreign currency to local tourists wishing to travel abroad so as to avoid the flight of foreign currency.

Samuel Wilhelm, who on Tuesday was designated director of the Exchange Administration Board (JAC), has annnounced 50 percent reductions in the quotas established by geographical zone for Venezuelans and foreign residents wishing to travel abroad on vacation, after it was learned the flight of foreign currency belonging to tourists in the last six months totaled $700 million.

Wilhelm recognized the existence of different fraudulent mechanisms in Venezuela, which allowed supposed travelers to obtain dollars while the sale of foreign currency remain limited. Last 27 June the government of Rafael Caldera announced a single and official exchange rate set at 170 bolivares to the U.S. dollar.

The $700 million foreign currency flight accounts for a little over 10 percent of the total foreign currency assigned by the JAC to tourists, businessmen, importers, and local industrialists.

According to the new plan, which will enter into force this Friday, tourists departing from Venezuela will obtain—per calendar year—$500 annually to travel to the Caribbean islands, Colombia, and Panama.

Those traveling to the Andean region (Peru, Ecuador, and Bolivia) will get $1,000, those traveling to the rest of South America $2,000, to Mexico $1,500, to Florida $1,000, and twice that amount for those traveling to the rest of the United States.

For other continents (Europe, Asia, Africa, and Oceania) the annual quota was set at $4,000. This latest figure was not modified in any way, while the others were cut, on average, by 50 percent.

Changes in Electoral Law Discussed

95P20507A Caracas EL DIARIO DE CARACAS in Spanish 26 Jan 95 p 22

[FBIS Translated Text] There appears to be a consensus among the parties to establish, as part of the reform of the

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Organic Electoral Law, the system of election by open lists for the deputies to the Congress of the Republic and the state legislative assemblies.

Movement Toward Socialism [MAS] Deputy Julio Castillo has stated in this regard that the parties and civic groups like We Want To Elect [Queremos Elegir] agree that the experience of the electoral circuits has not been a good one, "because they became a kind of new electoral district but completely artificial, because they were done with the aim of grouping together a number of voters, regardless of where they lived. These circuits had no connection with reality and the voters did not feel represented by those who were elected, and in many cases the voters did not even know those who were elected because they did not come from their community."

Castillo stressed that the system of open lists provides voters the opportunity to vote for all the candidates for deputy to the Congress or the legislative assemblies from their district, eliminating the previous experience in which they could only vote for a candidate who corresponded to their circuit.

The MAS deputy also defended the open list system because, in his opinion, it allows the voters to choose their preferred candidates by name. "There would be a mechanism to make this reform compatible with the constitutional demand for representation of minorities, which would be the total of the uninominal votes received by each of the parties."

For his part, Oscar Celli, president of the special commission that is studying the reform of the Organic Electoral Law, announced that starting next week the commission will begin to discuss the reform draft article by article, having concluded yesterday the cycle of consultations with organizations and groups connected with electoral matters, with the presence of We Want To Elect. Celli stressed the need for the reform process to become a reality as soon as possible because of the nearness of the next elections in December.

We Want to Elect member Cira Romero repeated yesterday in Congress the need to change the Electoral Law so that it will be possible to identify the positions of the candidates for independent members of the Supreme Electoral Council [CSE] and the modernization of the CSE.

The group also requests a redefinition of the concept of the electoral circuits "because these were defined more for political than technical reasons." The urgency of establishing a bond or surety for those parties, groups, or candidates that do not receive a minimum number of votes in the different elections. [sentence as published] Finally, they have brought up the need to separate the elections as well as the electoral instruments.

Editorial Sees Change in Public Attitudes

95P20506A Caracas EL DIARIO DE CARACAS in Spanish 28 Jan 95 p 2

[Editorial: "Without False Hopes"]

[FBIS Translated Text] What is most notable about the results of the most recent surveys is the contrast between a majority (72 percent) that thinks that the government is not telling the truth about the true magnitude of the crisis and another majority that is very aware and realistic in evaluating what we can hope for in 1995 and very correct in ranking our problems.

The most recent national survey shows that there is a high level of resignation concerning the government's work, since the public does not believe that another government would have done better.

With respect to the economic situation, 40 percent think that "it will get worse" and 24 percent think that it will remain the same, compared with 29 percent that think "it will improve" and 6 percent that "do not know." However, when asked about their personal economic situation, this opinion is reversed and 42 percent think that "it will improve," 27 percent that "it will remain the same," 26 percent that "it will get worse," and 5 percent "do not know."

As in other surveys in the recent past, inflation, crime, and unemployment come up as the problems that most affect the public. However, the majority do not see a coup as the way to solve them. There remains a desire to have a constituent assembly; the church, the media, and to a certain extent the military retain their institutional prestige; and 73 percent of the working population agree that the current social security law should be replaced by a retirement fund.

President Rafael Caldera's credibility level has dropped substantially and the level of criticism has risen. What stands out the most is the high percentage of those who want to be told the truth.

Interesting. This means that almost no one has false hopes. People know that it is very unlikely that the country's economy will improve, but the difference is that now they also know the unlikelihood that any other government would have done better and they have the certainty that a coup would not solve the problems either.

We can infer without fear of being mistaken that when, in spite of everything, people think that their own economic situation will improve, they do so precisely because they now believe less that the solution to problems will come from the state. They now have a much greater awareness that they should look after themselves as citizens and that improvement will come from their own commitment and creative effort.

So we should congratulate ourselves, because the crisis is giving its first positive results: a public that is more realistic, aware, and responsible for itself; a public so mature that in spite of seeing the problems clearly and not entertaining false expectations, it demands above all to be told the truth.

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